RICO

29TH ANNUAL REPORT 2011-2012

RELIABILITY

INNOVATION

COMPETITIVENESS

GLOBALIZATION

RICO
RICO

About us

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

We manufacture and supply world class high precision and fully machined components & assemblies - both aluminium and ferrous - to leading OEMs across the globe.

Our multiple fully integrated production facilities are equipped to offer the complete spectrum of services from designing of components to development of tools, casting and precision machining and assembly of auto components.

Over the years, RICO has earned a reputation of being a reliable source of the most complex components & assemblies. Our commitment to uncompromising quality and the highest standards of excellence is matched by our ability to engineer the most demanding products at competitive cost, as well as our capability to deliver global volumes, to strict deadlines, anywhere across the world.

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

Strategic linkages with leading fellow automotive suppliers have given RICO a further technological edge. Joint ventures have been established with players like FCC for clutch systems, Magna Powertrain for oil & water pump systems, and Jinfei for alloy wheels.

RICO continually works towards achieving the highest levels of efficiency, productivity and profitability - so as to sustain growth, and deliver consistent value to both customers and stakeholders.

Our Vision

To be the preferred supplier to Original Equipment Manufacturers across the globe.

Our Strategies

World Class Quality

ISO TS 16949, ISO 14001, OHSAS 18001
Total Productive Maintenance (TPM) & 6 Sigma

Integrated Service - Concept to Delivery

Design, Development & Engineering Services, R&D, Testing & Validation, Tooling & Prototyping, Casting (Aluminium & Ferrous), Machining & Assembly, Packaging & Logistics

Preferred Supplier

Customer Focussed Enterprise
Efficient Account, Program & Launch Management

People

Regular Training, Skill Building, Involvement & Empowerment and Leadership

Globalization

Global Teams, Global Presence & Scale

Shareholder Value

Focus on return on Capital Employed
Consistent Dividend Distribution

Our People: Our Greatest Asset

RICO is proud of its people - dedicated, disciplined, hard-working, progressive and highly skilled in their respective roles. It is their abilities and potential which provide Rico with a vital competitive edge in our intensifying globalization phenomenon.

Each and every member of the Rico 'Parivar' understands the importance of personal responsibilities as well as of team-work. Besides, our continuous focus on comprehensive internal and external training ensures excellence in terms of knowledge and skills for higher productivity, product innovations, and relationship development. We, on our part, value their useful suggestions and ideas, which are suitably rewarded and recognised.

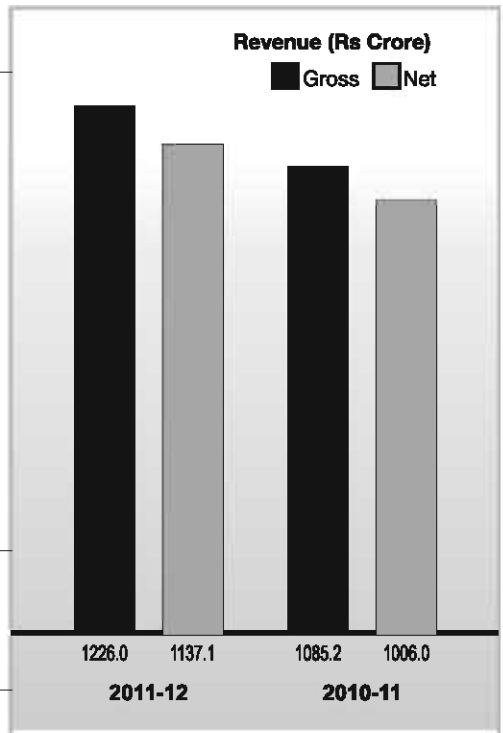
Rico Quality Circle Sankalp won 3rd position in 7th edition of ACMA National Quality Circle Competition held on 14th Aug, 2012 at Pune.

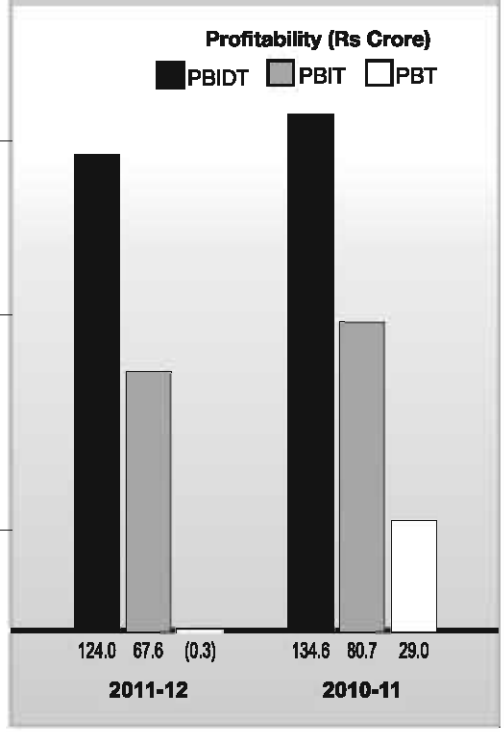
Financial Highlights

Stand Alone

(Rs in Crores)

Particulars	2011-12	2010-11
Gross Revenue	**1226.0**	**1085.2**
Net Revenue	**1137.1**	**1006.0**
PBIDT	**124.0**	**134.6**
Depreciation	56.4	53.9
PBIT	**67.6**	**80.7**
Interest	67.9	51.6
PBT	**(0.3)**	**29.0**
Income Tax	0.1	4.8
Deferred Tax	3.6	(0.9)
MAT Credit Receivable	0.0	(1.4)
PAT	**(3.9)**	**26.5**
Dividend (Including Tax)	2.4	3.2
Gross Fixed Assets (Incl. CWIP)	926.1	893.1
Net Fixed Assets (Incl. CWIP)	519.1	535.3
Net Current Assets*	146.4	99.4
Equity Share Capital	13.5	13.5
Reserves & Surplus	299.9	306.1
Deferred Tax Liabilities	38.5	34.9
Total Loan Funds	428.4	453.5
Key Ratios (%)		
Operating Margin (PBIDT/Net Revenue)	10.9	13.4
ROCE (PBIT/Avg. Capital Employed)	8.5	10.3
RONW (PAT/Avg. Net Worth)	(1.2)	8.7
Per Share Data (Rs)		
EPS	(0.3)	2.0
Cash EPS	3.9	5.9
Book Value	23.2	23.6
Dividend (%)	15	20





* Excluding short term and current liability of long term bank borrowings.

Note: Loss of 2011-12 includes Loss on Sale of Assets and Investments.
Profit of 2010-11 includes Profit on Sale/transfer of land.
Previous year's (2010-11) figures have been re-grouped/re-arranged.

Financial Highlights

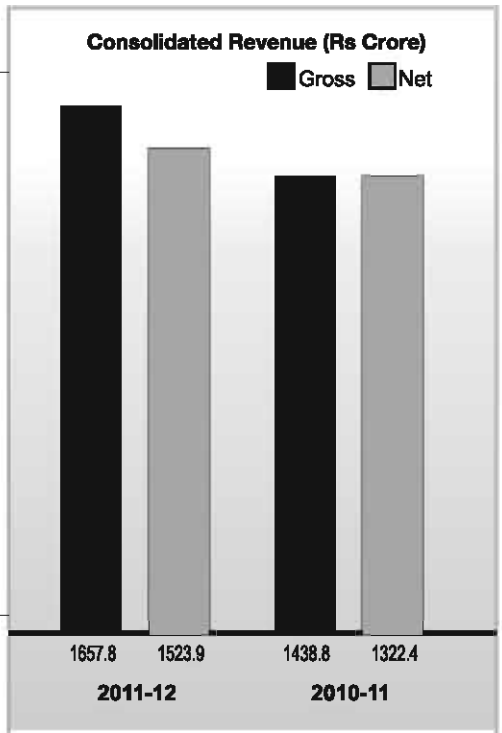
Consolidated Group

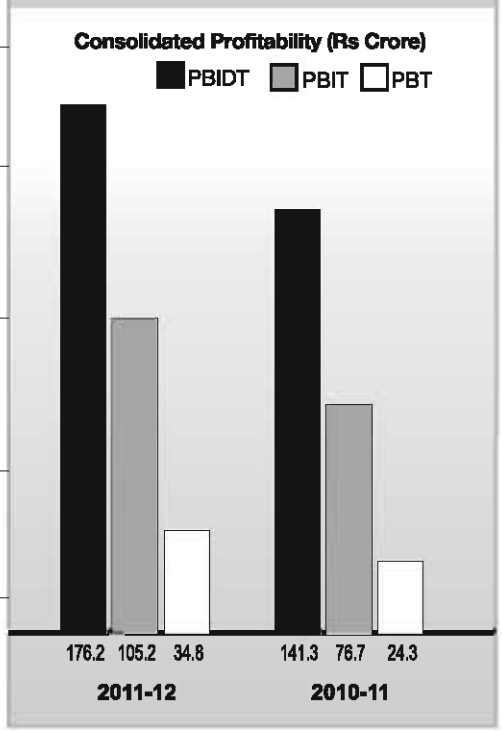
(Rs in Crores)

Particulars	2011-12	2010-11
Gross Revenue	**1657.8**	**1438.8**
Net Revenue		
Rico Auto Industries Limited	1137.1	1006.0
Rico Auto Industries Inc. USA	94.6	99.9
Rico Auto Industries (UK) Limited UK	55.9	50.1
FCC Rico Limited (50%)	378.4	316.0
Continental Rico Hydraulic Brakes India Pvt. Ltd. (50%)	15.5	5.5
Magna Rico Powertrain Private Limited (50%)	10.0	7.0
Rico Jinfei Wheels Limited (92.5%)	36.3	35.3
Uttarakhand Automotives Limited	0.0	0.0
Rasa Autocom Limited	16.8	0.0
RAA Autocom Limited	0.0	0.0
KRP Auto Industries Limited	0.0	0.0
Less : Inter Company Sales	(220.8)	(197.4)
Rico Group Consolidated	**1523.9**	**1322.4**
PBIDT	176.2	141.3
PBIT	105.2	76.7
PBT	34.8	24.3
PAT	22.5	13.3
Gross Fixed Assets (Incl. CWIP)	1094.3	1070.0
Net Fixed Assets (Incl. CWIP)	644.9	676.5
Net Current Assets*	194.3	134.6
Equity Share Capital	13.5	13.5
Reserves & Surplus	327.8	308.0
Deferred Tax Liabilities	38.8	34.3
Total Loan Funds	479.4	475.3
Key Ratios (%)		
Operating Margin (PBIDT/Net Revenue)	11.6	10.7
ROCE (PBIT/Avg. Capital Employed)	12.4	9.5
RONW (PAT/Avg. Net Worth)	6.8	4.3
Per Share Data (Rs)		
EPS	1.7	1.0
Cash EPS	6.9	5.8

* Excluding short term and current liability of long term bank borrowings.

Note: Profit of 2011-12 includes Profit on Sale of Assets and Investments.
Profit of 2010-11 includes Profit on Sale/transfer of land.
Previous year's (2010-11) figures have been re-grouped/re-arranged.





From the MD's desk

Dear fellow shareholders,

The year 2011-12 has been one of challenges and consolidation, that your Company has done well to negotiate in a professional and confident manner. Although everyone had hoped otherwise, the global economic environment did not improve, with the slowdown in the US and Europe persisting alarmingly. This adversely affected growth across all world markets and regions, including Asia.

In India, our GDP growth dipped to 6.5% from 8.5% last year. Galloping inflation, a consistently weakening rupee, spiralling energy bills, high global commodity prices, and high cost of borrowing fuelled by rising interest rates created an unfavourable macro environment for industry in general. This substantially impacted the country's automobile industry, which is the mainstay of our operations. The passenger vehicle segment grew at just 4.7% in 2011-12, as against a high 29% in 2010-11. The commercial vehicle segment's growth dropped to 20% from 34% in the previous year. However, a continuing double digit growth of 16% in the two-wheeler segment was the one silver lining for the industry.

Consequent to all these factors, your Company's domestic sales and exports were both seriously affected. Our performance has been understandably modest in this difficult year. Though our bottomline registered a negative growth, our inherent resilience helped us to tide over this challenge.

However, we head into the next year with optimism and a positive outlook. We are hopeful that the business scenario will improve, both nationally and internationally. Our results of the first quarter of the current year have been encouraging, especially on the domestic front, and we hope they are indicative of more favourable times ahead.

As always, your Company continued with its efforts towards product improvement and augmenting its manufacturing capabilities during the year. We stand committed to maintaining our status as a reliable supplier of world class auto components and assemblies.

I take this opportunity to thank all our valued customers, employees, associates, vendors, bankers and stakeholders for their unstinting support. We are especially grateful for their co-operation in the challenging year past.

Arvind Kapur
Vice Chairman, CEO & Managing Director

In conversation with the MD

How has the Company fared in 2011-12, and what impact is it likely to have over next year's performance?

Overall, 2011-12 witnessed an unfavourable economic climate, driven by the unresolved Eurozone debt crisis and a slowdown in the US, persisting domestic inflation, increasing energy costs led by volatile oil prices & an uncertain fuel policy, high commodity & raw material prices, coupled with high borrowing costs and a continually weakening rupee. Calamities like the tsunami in Japan and floods in Thailand further contributed to deceleration of industrial and business growth.

The growth in India's automobile sector - that our Company principally serves - dipped substantially from 29% to 4.7% in the passenger cars and MUV segment, and from 34% to 20% in the commercial vehicles category. However, a continuing double digit growth of 16% in the two-wheeler segment was the one silver lining for the industry.

In spite of this, your Company registered a modest growth in numbers. Our YoY sales increased by 12.7%, domestic revenue grew by 16% whereas export remained flat. This performance under difficult operating conditions was achieved through better product penetration, and higher volumes to clients like Hero MotoCorp, Tata Motors and Tata Cummins.

While early indications of a significant industry revival globally and at home are not very pronounced, we are optimistic that things will stabilize and product demand will improve as the year progresses.

A big hope is the huge unfulfilled potential of our large domestic market, that still remains only partially tapped. The Government's proposed policy decisions like cutting interest rates to boost the economy could also play a key role in the industry's performance in the future.

How has the Company performed on the exports front?

Our exports growth remained flat during 2011-12. The lower than estimated demand in the European and US markets, our main automotive customer zones, due to economic uncertainty and slowdown conditions, affected our overseas business adversely.

In conversation with the MD

In spite of this, our team won fresh orders from our customers in Brazil and North America. Simultaneously, we have successfully augmented supplies of automatic transmission components to select Tier-1 clients.

The continuing impact of a 2009 labour unrest at our plant, one of our major foreign customers has also hit our sales unfavourably. While we hope for an early improvement of this situation, it could be a while before things normalize to previous levels.

As you are well aware, the rupee has weakened consistently against the dollar over the last year. Although it would negatively affect our input costs and energy bills, I wish to add that it would also make our exports more competitive at the same time. Your Company will seek to leverage this advantage more aggressively in the current year.

Has any new business been acquired during the year?

The difficult global scenario notwithstanding, your Company continued to relentlessly explore new business opportunities.

During 2011-12, we added new names like Mushashi Auto India, Nissan Ashok Leyland, Volvo Eicher Commercial Vehicles and AVTECH to our customer portfolio. Our first sales to these esteemed clients will actualize in the current year.

At the same time, your Company is committed to strengthening its infrastructure, enhancing its competitive advantage, and being better prepared to meet the challenges of an uncertain market as has happened last year.

Towards this, we are proactively focused on building both capability and capacity, encouraging Design & Development initiatives, and exploring new overseas markets.

Simultaneously, through appropriate fora like ACMA, we are simultaneously pursuing issues that are affecting not just your Company but also the industry at large. These include the enhancement of Drawback rates to boost exports, and early reforms in labour laws to minimize the possibilities

In conversation with the MD

of labour unrest. Such incidence shakes customer confidence, notably among our valued international clients.

Please tell us about the progress of your Joint Ventures.

FCC Rico Limited

FCC Rico ended 2011-12 with a gross turnover of Rs 839.19 crores, a 20% increase over the previous year. Subsequently, it has declared a dividend of 75%, due to which your Company will receive Rs 2.96 crores on its investment in the Joint Venture.

Further, FCC Rico has started the current year on a strong note by registering a gross turnover of Rs 228.68 crores in the first quarter ended 30th June, 2012. This is 25% higher than the figure in the corresponding quarter in the previous year.

FCC Rico has aggressive manufacturing plans for 2012-13. It will produce clutches for several new models of different brands.

In July 2012, FCC Rico's new plant at Bangalore has begun commercial production. The strategically located unit caters especially to the needs of TVS Motor plant at Hosur.

Rico Jinfei Wheels Limited

Rico Jinfei had a gross turnover of Rs 43.33 crores in 2011-12, compared to Rs 42.40 crores in the previous year. However, it has incurred a loss of Rs 9.16 crores in the year ended 31st March, 2012 as against a figure of Rs 5.53 crores last year.

In spite of this modest performance, your Company is optimistic about the potential and future prospects of this subsidiary as this Company has procured orders to supply the alloy wheels to Bajaj Auto Limited. This will further improve the existing capacity utilization of the plant. As a reflection of this confidence, we have further consolidated our financial stake in Rico Jinfei. In July 2012, we invested Rs 21.28 crores in the Equity Share Capital of the Company, raising our total investment to Rs 30.53 crores.

In conversation with the MD

Magna Rico Powertrain Private Limited

Magna Rico registered a turnover of Rs 21.70 crores in 2011-12, against Rs 15.42 crores in 2010-11. This constitutes an increase of nearly 41% over the previous year, thanks to the unrelenting efforts of the Company's marketing and production teams. However, it has incurred a loss of Rs.2.59 crores in the year ended 31st March, 2012 as against loss of Rs.5.33 crores in the previous year.

This was due to successful execution of orders secured from names like Volvo Trucks, Nissan Motors and Suzuki Powertrain.

Your Company has invested Rs 17.12 crores in the Equity Share Capital of this JV.

Continental Rico Hydraulic Brakes India Private Limited

The year saw the end of your Company's association with this JV. With effect from 9th March, 2012 Continental Rico has ceased to be our Joint Venture Company. We have sold our entire equity holding of 5.50 crores shares of Rs 10/- each to Continental Automotive Holding Netherlands BV, an associate company of Continental Automotive AG, and have received the full compensation of Rs 48.61 crores in lieu thereof.

What employee related initiatives have been undertaken during the year?

In 2011-12, following enterprise wide organizational restructuring, our focus has been on promoting meritocracy and a performance driven work culture. Towards this, a dedicated Performance Management System has been put in place to assess individual and team accomplishments, contribute to greater accountability, and work as a scorecard for subsequent rewards.

Employee orientation and development has continued to be a priority with us. Number of skill upgradation initiatives and training programs were conducted on a regular basis. Communication within the employees was enhanced and made transparent through conducting open house

In conversation with the MD

and making intranet more extensive and establishing 360 degree feedback loops. More harmonious labour relations have resulted from our innovative family connect programmes.

How closely has your Company been involved with CSR activities?

At RICO, we are committed to play an active role in dispensing our Corporate Social Responsibility. While growth and greater success in our business is important to us, we seek to achieve it in a socially and environmentally responsible manner. This includes participating in nation-building measures, and contributing to not just the well being of our employees and their families, but also of the communities in the proximity of our plants and facilities.

We have adopted an Industrial Training Institute for Women at Rewari, that we are operating on a Public Private Partnership (PPP) basis. The Institute is committed to reduce unemployment by providing systematic training to students in different trades, and turn out skilled professionals ready to join diverse industrial organizations.

Blood Donation, Eye, Dental, General Health and AIDS Check-up camps are conducted year round in conjunction with reputed organizations like AIIMS and the Haryana AIDS Control Society. Through such efforts, as well as measures like Tree Plantation Drives, we also reiterate our commitment to Environment Health & Safety Systems (EHS) as part of our larger CSR mandate.

Of course, all these are also complemented by our mainstream sustainable development initiatives in the key areas of energy conservation, environment protection, pollution control and waste minimization.

Our Core Values

Excellence

The power of being the best

Commitment

The power of responsibility, accountability and ownership

Integrity

The power of honesty and transparency

Teamwork

The power of working together

Entrepreneurship

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

Rico sports team receiving an award from Haryana State minister for Sports Mr. Sukhbir Kataria. Also looking on are dignitaries from Haryana State Labour Welfare Board, Vice-Chairman Pt. Ramswaroop Jaawanj, and Addl Labour Commissioner, Delhi-NCR, Mr. Naresh Narwal.

Sessions on
Family connect program

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Team and Corporate Information

Board of Directors

Chandra Mohan
Chairman

Anup Singh
Prof. Vinod Kumar Bhalla
Kanwal Monga
Amarjit Chopra
Dr. Ashok Seth
Satish Sekhri
Rakesh Kapur
Arun Kapur
Joint Managing Director

Arvind Kapur
Vice Chairman, CEO & Managing Director

Senior Executives

O P Aggarwal
R S Kundi
N K Sethi
G S Bisht
Surendra Singh
Vivek Hazari
S K Jain
Anuj Singhal
Manjit Singh
R K Miglani
M K Jain
R Dharna

Company Secretary

B M Jhamb

Auditors

Gupta Vigg & Co.
Chartered Accountants
Firm Regn. No.001393N
New Delhi (India)

Share Transfer Agent

MCS Limited
F-65, Okhla Industrial Area, Phase I
New Delhi – 110 020 (India)

Audit Committee

Amarjit Chopra
Chairman (w.e.f. 30-05-2012)

Prof. Vinod Kumar Bhalla
Anup Singh
Satish Sekhri

Shareholders' Grievance Committee

Anup Singh
Chairman

Prof. Vinod Kumar Bhalla
Amarjit Chopra
Rakesh Kapur

Bankers (in alphabetical order)

Axis Bank Limited
Citibank N A
DBS Bank Limited
Export Import Bank of India
HDFC Bank Limited
IDBI Bank Limited
IndusInd Bank Limited
Kotak Mahindra Bank Limited
Standard Chartered Bank
State Bank of India
State Bank of Hyderabad
State Bank of Patiala
The Hongkong & Shanghai Banking Corporation Limited
Yes Bank Limited

Registered Office & Dharuhera Plant

69 KM Stone, Delhi-Jaipur Highway,
Dharuhera – 122 106, District Rewari
Haryana (India)

Corporate Office & Gurgaon Plant

38 KM Stone, Delhi-Jaipur Highway,
Gurgaon – 122 001
Haryana (India)

NOTICE

Notice is hereby given that the 29th ANNUAL GENERAL MEETING of the Members of RICO AUTO INDUSTRIES LIMITED will be held on Saturday, the 29th day of September, 2012 at 12.00 Noon at the Registered Office of the Company at 69 KM Stone, Delhi-Jaipur Highway, Dharuhera, Distt. Rewari, Haryana to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2012 and the Profit and Loss Account for the year ended on that date together with the Reports of Directors' and Auditors' thereon.
2. To declare Dividend on Equity Shares for the year ended 31st March, 2012.
3. To appoint a Director in place of Prof. Vinod Kumar Bhalla, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Rakesh Kapur, who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and resolve not to fill the vacancy, for the time being, caused by the retirement of Shri Anup Singh, who retires by rotation and does not seek re-election, as he has reached the age for Directors to retire at 75 years, as per the policy approved by the Board, by passing the following resolution:

   "Resolved that Shri Anup Singh, a Director liable to retire by rotation, who does not seek re-election, be not re-appointed as Director of the Company and that the vacancy, so created on the Board of Directors of the Company be not filled for the time being."
6. To appoint Auditors and to fix their remuneration. In this connection, to consider and pass the following resolution as an Ordinary Resolution:

   "Resolved that subject to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Walker, Chandiok & Co (Firm Registration No.001076N), Chartered Accountants, New Delhi be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company, to audit the accounts of the Company for the Financial Year 2012-2013, at such remuneration which would be mutually agreed between the Board of Directors of the Company and the Auditors, plus service tax, and such other taxes as may be applicable, and reimbursement of all out of pocket expenses, in place of the retiring Statutory Auditors, M/s. Gupta Vigg & Co. (Firm Registration No. 001393N), Chartered Accountants, who have expressed their unwillingness to be re-appointed as the Statutory Auditors of the Company in the light of good corporate governance practice with regard to rotation of Auditors."

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modification(s), the following Resolutions:

7. **AS A SPECIAL RESOLUTION**

   "Resolved that pursuant to the provisions of Section 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) the consent of the Company be and is hereby accorded to the payment of remuneration to Shri Arun Kapur, Joint Managing Director of the Company for three years w.e.f. 01/04/2012 to 31/03/2015 on the following terms and conditions:

   1. Salary: (Rs./Month) – 4.00 lacs (for three years)
   2. Commission: Commission shall be paid over and above the total remuneration stated herein based on net profits of the Company in a particular financial year as may be determined by the Board of Directors of the Company, which put together with salary and perquisites shall be subject to the overall ceiling specified in Section 198, 309 and Section I of Part II of Schedule XIII of the Companies Act, 1956.
   3. Perquisites: These are classified in to the following three categories:

      PART-A

      i) Housing:

         a) The expenditure by the Company, on hiring furnished accommodation shall be subject to the following ceilings:

            Sixty per cent of the Basic Salary, over and above ten per cent payable by him.

         b) If the Company does not provide accommodation, he shall be entitled to House Rent Allowance subject to the ceiling laid down in (a) above.

            Explanation: The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten per cent of the Salary.

      ii) Medical Expenses: Reimbursement of expenses incurred for self and family in accordance with the rules of the Company for the time being in force and as amended from time to time.

      iii) Leave Travel Concession: Leave travel concession for self and family once in a year incurred in accordance with the rules of the Company.

      iv) Club Fees: Fees of clubs subject to a maximum of two clubs.

      v) Personal Accident Insurance: Personal Accident Insurance of an amount, the annual premium of which shall not exceed Rs.10,000/-.

      NOTE: For the purpose of perquisites stated hereinabove, 'family' means the spouse, the dependent children and dependent parents of the appointee.

      PART-B

      i) Contribution to Provident Fund and Superannuation Fund or Annuity Fund to the extent these, either

singly or put together, are not taxable under the Income Tax Act, 1961.

ii) Gratuity, if payable under the Company's Rules shall not exceed half a month's salary for each completed year of service.

iii) Earned Leave and its Encashment: On full pay and allowances as per the rules of the Company, but not exceeding one month's leave for every eleven months of service.

PART-C

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.

The perquisites mentioned above in Part 'A' will be included in the computation of ceiling on remuneration whereas Part 'B' and 'C' will not be included.

Ceiling on Remuneration: The aggregate remuneration shall not exceed the limits provided in Section 198 and 309 read with Schedule XIII of the Companies Act, 1956 except with the approval of the Central Government.

Pursuant to Sub-paragraph B of Section II (1) of Part II of the Schedule XIII and other applicable provisions of the Act, if any, and subject to such compliances and approvals as may be necessary, wherein, in any financial year during the tenure of his service, the Company has no profits or its profits are inadequate, the Company may pay to Shri Arun Kapur, Joint Managing Director remuneration by way of salary, perquisites and other benefits as mentioned above as minimum remuneration.

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

Place : Gurgaon **B.M. Jhamb**
Dated : 12th August, 2012 Company Secretary

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.**

2. The Register of Members and the Share Transfer Books of the Company will remain closed from 15/09/2012 to 29/09/2012 (both days inclusive).

3. Dividend to Shareholders as recommended by the Board of Directors for the year ended 31st March, 2012, when declared at the meeting, will be paid:

   a) to those members whose names appear in the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company or its Registrar on or before 14th September, 2012; and

   b) in respect of shares held in electronic form, to those "beneficiaries" whose names appear on the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), at the end of business hours on 14th September, 2012.

   The Company will despatch the dividend warrants on or after 5th October, 2012 onwards.

4. Members are requested to notify change in their address.

5. Members are requested to intimate their queries, if any, on the Annual Report so as to reach at least seven days before the date of the meeting to enable replies at the Annual General Meeting.

6. Members holding shares in physical form, who have not yet forwarded details either of their Bank Account or National Electronic Clearing Service (NECS) mandates are requested to furnish the same to the Company.

7. Members holding shares in dematerialized mode are requested to intimate all changes with respect to their Bank details, NECS mandates, nomination, change of address to their Depository Participant (DP).

8. a) The amount of unclaimed dividend for and upto the financial year ended 31st March, 1994 has already been transferred to the General Revenue Account of the Central Government. Shareholders who have so far not claimed dividend upto the aforesaid financial year may claim their dividend from the Registrar of Companies, NCT of Delhi and Haryana by submitting an application in the prescribed form.

   b) Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, the amount of dividend which remains unpaid/unclaimed for a period of 7 years is transferred to the "Investor Education and Protection Fund" (IEPF), constituted by the Central Government and member(s) would not be able to claim any amount of dividend so transferred to IEPF. As such, member(s) who have not yet encashed his/their dividend warrant(s) is/are requested in his/their own interest to write to the Company for claiming outstanding dividend declared by the Company during the years 2006 and onwards.

   The amount of unpaid or unclaimed dividend relating to the financial year ended 31st March, 1995 to 31st March, 2005 have already been transferred to the IEPF.

9. Clause 5A of Listing Agreement has been amended by SEBI. Pursuant to this amendment, it has become mandatory for Companies to transfer unclaimed shares issued in physical form to "Unclaimed Shares Suspense Account" after sending three reminders to those shareholders whose shares are lying unclaimed. The Company has already sent the reminders to such shareholders. The whole process of opening the "Unclaimed Shares Suspense Account" is being completed. The members who are still holding the Equity Shares of face value of Rs.10/- each or shares of the

erstwhile Rico Agroils Limited are requested to surrender the respective Share Certificate to the Company at its Corporate Office, to enable the Company to issue the Equity Shares of face value of Re.1/- each.

10. Members must quote their Folio No./DP ID/Client ID No. and contact details such as e-mail ID, telephone number etc. in all correspondence with the Company/Registrar & Share Transfer Agent of the Company.
11. As per the Circular issued by Securities and Exchange Board of India (SEBI) it is mandatory to quote PAN for transfer or transmission of shares in physical form. Therefore, the Shareholders are requested to furnish a copy of their PAN to the Company/Registrar & Share Transfer Agent of the Company.
12. All documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days except Sundays and Public Holidays between 10.00 a.m. to 12.30 p.m. upto the date of the Annual General Meeting.
13. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by Companies and has issued circulars on 21st April, 2011 and 29th April, 2011 stating that the service of document by a Company can be made through electronic mode. Pursuant to this circular, Members are requested to provide their e-mail IDs to the Company or to RTA or their Depository Participant (DP), as the case may be, for serving of documents by electronic mode.
14. The information as required by the Clause 49 of the Listing Agreement regarding re-appointment of Directors is given below:

Item No. 3

Prof. Vinod Kumar Bhalla

Prof. Vinod Kumar Bhalla, born on 15th November, 1948 was appointed as Director by the Board of Directors on 19th March, 1998. He is an eminent Academician and Scholar with Ph.D. in Finance. Presently he is Professor, Faculty of Management Studies, University of Delhi. He has written many books on financial matters and his specialized area is Security Analysis & Portfolio Management, International Finance and Financial Decision Analysis. He has also contributed innumerable articles on financial matters. He has more than 40 years vast and rich experience. His guidance and advice has contributed in the progress of the Company. He is also part time Independent Director nominated by the President of India on the board of the following Companies:

1. Bharat Electronics Limited (a Navratna Company)
2. Indian Oil Corporation Limited (a Maharatna Company)

He is member of the Committees of following Companies:

1. Rico Auto Industries Limited
   - i) Audit Committee — Member
   - ii) Shareholders/Investors Grievance Committee — Member
   - iii) Share Transfer Committee — Member
   - iv) Finance Committee — Member
2. Bharat Electronics Limited
   - i) Audit Committee — Member
3. Indian Oil Corporation Limited
   - i) Audit Committee — Member
   - ii) Remuneration Committee — Member
   - iii) Establishment Committee — Member

He is holding 1500 Equity Shares of the Company.

Item No. 4

Shri Rakesh Kapur

Shri Rakesh Kapur, born on 9th February, 1955 was appointed as Director by the Board of Directors on 30th January, 1985 is a Commerce Graduate. He has about 35 years of Industrial and Administrative experience to his credit. His vast and rich experience has enabled the Company to achieve the good progress. He is also Director of the following Companies:

1. Rico Castings Limited
2. Rico Jinfei Wheels Limited
3. Rasa Autocom Limited
4. Octan Media Limited
5. Uttarakhand Automotives Limited
6. RAA Autocom Limited
7. KAPBROS Engineering Industries Limited
8. AAN Engineering Industries Limited
9. Rico Auto Industries Inc., USA
10. Kapsons Associates Investments Private Limited
11. Higain Investments Private Limited
12. Magpie Properties Private Limited

He is member of the following Committees of Rico Auto Industries Limited:

- i) Shareholders/Investors Grievance Committee — Member
- ii) Share Transfer Committee — Member
- iii) Finance Committee — Member

He is holding 2159020 (1.60%) Equity Shares of the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5

In accordance with the provisions of Section 256 of the Companies Act, 1956 and the Articles of Association of the Company, Shri Anup Singh retires by rotation at the forthcoming Annual General Meeting. Shri Anup Singh has not sought re-election. It has been decided by the Board that the vacancy so created on the Board of the Company should not be filled for the time being. Shri Anup Singh is a Director of the Company since 28th June, 1996 and is also Chairman of the Shareholders/Investors Grievance Committee and Remuneration Committee of the Company. The Board of Directors have placed on record their appreciation of the contribution made by him during his tenure as Director of the Company.

The Board recommends the resolution at Item No.5 of the Notice for your approval.

None of the Directors except Shri Anup Singh is interested or concerned in the proposed resolution.

Item No. 6

M/s. Gupta Vigg & Co. (Firm Registration No. 001393N), Chartered Accountants, who had been re-appointed as Auditors by the

Members at the 28th Annual General Meeting for the year 2011-2012 would be retiring at the conclusion of the forthcoming Annual General Meeting. They have expressed their unwillingness to be re-appointed as Auditors of the Company in the light of good corporate governance practice with regard to rotation of Auditors. The Audit Committee and the Board placed on record their appreciation of the services rendered by them during their association with the Company as its Auditors.

As required, the proposed Auditors, M/s. Walker, Chandiok & Co (Firm Registration No.001076N), Chartered Accountants have forwarded a certificate to the Company stating that the appointment, if made, will be within the limit specified in the Sub-section (1-B) of Section 224 of the Companies Act, 1956.

The Board recommends the Resolution at Item No.6 of the Notice for your approval.

None of the Directors are in any way concerned or interested in the proposed Resolution.

Item No. 7

As the Shareholders are aware that Shri Arun Kapur is the Joint Managing Director of the Company since May, 1985. The present terms of appointment of Shri Arun Kapur, Joint Managing Director was approved by the Shareholders in their meeting held on 30th September, 2009 for five years w.e.f. 2nd May, 2010 to 1st May, 2015. The terms of remuneration were approved for the period of three years from 1st April, 2009 to 31st March, 2012 by the Remuneration Committee, Board of Directors, Shareholders and subsequently by the Central Government. To continue to pay the remuneration as per Schedule XIII of the Companies Act, 1956 for the further period of three years from 1st April, 2012 to 31st March, 2015, the Remuneration Committee and Board of Directors in their meetings held on 14th February, 2012 considering the responsibilities being shouldered by the Joint Managing Director in the context of volume of business of the Company, felt it appropriate subject to your approval to pay the remuneration as detailed in the Special Resolutions at Item No.7, which commensurate with the responsibilities undertaken by him.

The Board recommends the Special Resolutions at Item No.7 of the Notice for your approval.

The Explanatory Statement together with the accompanying Notice should be treated as an Abstract of the Terms and Memorandum of Interest of the Directors under Section 302 of the Companies Act, 1956.

None of Directors except Shri Arun Kapur, Shri Arvind Kapur and Shri Rakesh Kapur being brothers are interested or concerned in the proposed resolutions.

The particulars required to be disclosed in the Explanatory Statement in accordance with the provisions of Sub-paragraph (B) of Section II of Part II of Schedule XIII of the Companies Act, 1956 are given below:

I. **GENERAL INFORMATION**

1. **Nature of the Industry**

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

2. **Date of Commercial Production**

Commercial production has already commenced.

3. **Financial Performance**

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

(Rs. in Crores)

Financial Parameters	Year Ended 31/03/08	Year Ended 31/03/09	Year Ended 31/03/10	Year Ended 31/03/11	Year Ended 31/03/12
Gross Revenue	827.30	844.40	837.03	1085.21	1225.95
Net Profit (As computed under Sec.198)	31.36	4.31	0.55	12.07	16.22
Net Profit as per Profit & Loss Account	22.25	4.75	6.07	26.51	(3.94)
Amount of dividend paid including tax	8.80	2.20	2.25	3.15	2.35 (Proposed)
Rate of dividend declared	60% (Paise Sixty per share)	15% (Paise Fifteen per share)	15% (Paise Fifteen per share)	20% (Paise Twenty per share)	15% (Paise Fifteen per share) (Proposed)

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

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

5. **Export performance and net Foreign Exchange Collaborations**

The exports and earning in foreign currency, during the previous five years are as under:

Financial Year Ended		Amount (Rs. in Crores)
31st March, 2008	—	142.94
31st March, 2009	—	141.65
31st March, 2010	—	137.29
31st March, 2011	—	193.97
31st March, 2012	—	196.19

6. **Foreign Investment or Collaborators, if any**

Holding of FIIs/NRIs/OCBs/Foreign Companies in the Company as on 30th June, 2012 is 12.23%. The Company has no foreign collaboration as on date. The Company has two Foreign Wholly Owned Subsidiaries namely:

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

II. **INFORMATION ABOUT THE APPOINTEE**

1. **Background Details**

Shri Arun Kapur born on 14th February, 1954 is an Art Graduate from Punjab University. He is the co-promoter

of the Company and is presently the Joint Managing Director of the Company.

Shri Arun Kapur has an vast experience of more than three decades in the industry. He has been instrumental in the growth of the Company.

2. **Past Remuneration**

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

Financial Year Ended		Amount (Rs. in Crores)
31st March, 2008	—	1.57
31st March, 2009	—	0.62
31st March, 2010	—	1.27
31st March, 2011	—	1.27
31st March, 2012	—	1.27

3. **Recognition and Awards**

He is also Director of the following Companies:

1) Rico Castings Limited
2) Uttarakhand Automotives Limited
3) Rasa Autocom Limited
4) Octan Media Limited
5) RAA Autocom Limited
6) KAPBROS Engineering Industries Limited
7) Kapsons Associates Investments Pvt. Ltd.
8) Higain Investments Private Limited
9) Magpie Properties Private Limited

He is member of the following committee of Rico Auto Industries Limited:

i) Share Transfer Committee — Member

4. **Job Profile & Suitability**

Shri Arun Kapur, Joint Managing Director is vested with substantial powers of the Company under the superintendence, control and directions of the Board of Directors. His planning, vision, strategies and long term development activities under his leadership, your Company has reached to its present position. Your Company has plants at Dharuhera, Gurgaon, Haridwar and Sanand for Aluminium High Pressure Die Casting (HPDC) and the Ferrous Foundry at Gurgaon. The other projects are also in pipe line. At present the Company has three Joint Venture Companies engaged in the manufacturing of auto components. By all these expansion plans, the Company is expected to register a growth in the years to come. He is devoting his full time in managing the business of the Company. He is, therefore, best suitable for the job.

5. **Remuneration proposed**

As set out in the proposed Special Resolution at Item No.7.

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

The remuneration proposed to be paid to the Appointee is in line with the remuneration paid to the managerial personnel of the Companies in the similar Industry, at present the Company is having four working plants at Dharuhera, Gurgaon, Haridwar and Sanand. Besides this, he is also looking after our three Joint Venture Companies and six Subsidiary Companies.

All these plants and offices are working under his leadership. Keeping in view his job profile and position and responsibilities being shouldered by Shri Arun Kapur, remuneration being given is even below par. The Remuneration Committee while recommending the proposed resolution has taken into account all these factors.

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

Besides the remuneration proposed herein, Shri Arun Kapur has no other pecuniary relationship with the Company. He is related to Shri Arvind Kapur, Vice Chairman, CEO & Managing Director and Shri Rakesh Kapur, Director of the Company.

III. **OTHER INFORMATION**

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

The Company during the financial year 2011-12 could not earn the profits as was earning in the past. The financial performance of the Company was impacted due to the global economic slowdown, increase in interest rate, the severe volatility in the forex markets and increase in input cost. Due to these main reasons profits earned are inadequate.

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

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

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

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

4. **Disclosures**

The requisite disclosures of remuneration package etc. have been mentioned in the Corporate Governance Report which forms part of this Report.

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

Place : Gurgaon
Dated : 12th August, 2012

B.M. Jhamb
Company Secretary

DIRECTORS' REPORT

To the Shareholders,

Your Directors have pleasure in presenting the 29th Annual Report of your Company, together with the Audited Accounts for the year ended 31st March, 2012.

FINANCIAL RESULTS

(Rs. in Crores)

Particulars	Current Year 31/03/2012	Previous Year 31/03/2011
Gross Sales and other Income	**1225.95**	1085.21
Net Sales and other Income	**1137.11**	1006.00
Profit before Interest & Depreciation	**123.95**	134.59
Less : Interest & Financial charges	**67.87**	51.62
Profit before Depreciation and Tax	**56.08**	82.97
Depreciation	**56.35**	53.94
Profit before Tax (PBT)	**(0.27)**	29.03
MAT Credit Receivable	—	(1.45)
Provision for Income Tax	**0.08**	4.84
Provision for Deferred Tax	**3.59**	(0.87)
Net Profit/(Loss)	**(3.94)**	26.51
Add: Surplus brought forward from previous years	**79.87**	58.51
Amount available for appropriations	**75.93**	85.02
Appropriations:		
Proposed Dividend on Equity Shares @15%	**2.03**	—
Dividend on Equity Shares @20%	**—**	2.71
Corporate Dividend Tax	**0.32**	0.44
Transferred to General Reserve	**—**	2.00
Balance carried to Balance Sheet	**73.58**	79.87
	75.93	85.02

Your Company has recorded a turnover of Rs.1225.95 crores in the year under report as against Rs.1085.21 crores in the previous year. Although your Company has earned a profit before exceptional items and tax liabilities of Rs.10.97 crores over the previous year's profit of Rs.9.92 crores, but after adjusting exceptional items loss of Rs.11.24 crores and other tax liabilities the Company incurred a net loss of Rs.3.94 crores during the year under report as compared to the previous year's Profit after Tax (PAT) of Rs.26.51 crores which includes amount of Rs.10.61 crores and Rs.9.29 crores being the profit on transfer of leasehold rights/interests of the Company in the immovable properties at Ambernath, Mumbai and Bommasandra, Bangalore respectively.

OUTLOOK FOR CURRENT YEAR

The Unaudited Financial Results for the quarter ended 30th June, 2012, already announced, show a turnover of Rs.318.97 crores for the first quarter of the current year against a turnover of Rs.286.87 crores of the corresponding quarter of the previous year, an increase in turnover by 11 per cent. Your Directors are taking steps to improve the turnover and margin during the remaining part of the year.

RESERVES

In the absence of profits for the year under review no transfer to general reserve has been made. The reserves of your Company after proposed appropriations for dividend shall stand at Rs.299.85 crores as against Rs.306.12 crores in the previous year.

EXPORT

The export turnover of your Company during the period under review was Rs.200.76 crores as against Rs.202.30 crores in the previous year. The export turnover includes sale to wholly owned subsidiaries amounting to Rs.141.08 crores as against Rs.146.86 crores in the previous year. Our wholly owned subsidiaries in United Kingdom and United States of America provide last mile sales and customer support.

During the quarter ended 30th June, 2012 of current year export turnover was Rs.49.66 crores as against Rs.41.67 crores in the corresponding quarter of the previous year. Further details as regards efforts of your Company on this front have been dealt with in the Management Discussion and Analysis section of this report.

DIVIDEND

Your Directors have recommended, from the surplus available in the Profit & Loss Account, a Dividend @15 per cent i.e. Re.0.15 per Equity Share of Re.1/- each for the financial year 2011-12, amounting to Rs.2.35 crores including dividend tax of Rs.0.32 crore on the Equity Share Capital of Rs.13.53 crores as against a dividend of 20 per cent i.e. Re.0.20 per Equity Share of Re.1/- each aggregating to Rs.3.15 crores including dividend tax of Rs.0.44 crore in the previous year.

FINANCE

Your Company continue to enjoy "A2+" and "LA-" Ratings for Line of Credit (Basel-II) for its Short Term and Long Term Bank Facilities respectively by ICRA Limited. Your Company uses long/short term facilities from the Banks on most favourable terms.

NEW PLANTS AND FACILITIES

Your Company is undertaking continuous endeavors for expansion of its domestic and overseas customers by implementing new facilities to enhance capacity and also geographically de-risk our operations. Your Company has started work for setting-up its:

A. Sanand Plant

The plant is catering to the current requirements of Tata Motors Limited for its Nano Car plant at Sanand, Ahmedabad.

Further, discussions are in progress with M/s. Hero MotoCorp Limited for setting up the manufacturing facilities for their up-coming project at Halol, Gujarat.

B. Chennai Plant

Building and civil work is under completion. Utilities and power connection being applied for set-up manufacturing facilities for supplies to automotive OEMs.

C. Haridwar Plant

The plant has commenced manufacturing operation and supplies of auto components to Hero MotoCorp Limited,

Haridwar in the current financial year. It is in the process of acquiring a built-up shed in the adjacent plot to cater to additional requirements of its customer.

D. Bawal Plant

The plant is under construction for High Tonnage High Pressure Die Casting and Machining facility for auto components. Production activity will start in last quarter of this financial year.

E. Pathredi (Bhiwadi) Plant

Site development work is completed. Building plans are under finalization and will start the construction work in the next financial year.

SUBSIDIARY COMPANIES

Your Company has Wholly Owned Subsidiaries (Unlisted):

A. Rico Auto Industries Inc., USA

This Company is engaged in the business of trading of Auto Components in the North American and Brazilian Markets.

The Company earned a total revenue of Rs.94.61 crores during the financial year ended 31st March, 2012 as against Rs.99.94 crores in the previous year, a marginal decrease of 5 per cent. The Company earned a net profit of Rs.0.98 crore as against Rs.1.08 crores in the previous year a decrease of 9 per cent. This Company has not declared any dividend for the financial year ended 31st March, 2012.

This Subsidiary has achieved a turnover of Rs.26.64 crores for the first quarter ended 30th June, 2012 as against Rs.23.27 crores in the corresponding quarter of the previous year, an increase of 14.5 per cent. During the financial year and period under review your Company has not made any additional investment in this Subsidiary.

The Subsidiary is expecting significant growth during the remaining part of the current financial year.

B. Rico Auto Industries (UK) Limited, U.K.

This Company is engaged in the business of trading of Auto Components for the European Markets.

The Company earned a total revenue of Rs.55.99 crores during the financial year ended 31st March, 2012 as against Rs.50.10 crores in the previous year. The Company earned a net profit of Rs.0.91 crore as against Rs.1.27 crores in the previous year. This Company has not declared any dividend for the financial year ended 31st March, 2012.

This Subsidiary has achieved a turnover of Rs.13.46 crores for the first quarter ended 30th June, 2012 as against Rs.10.42 crores in the corresponding quarter of the previous year an increase of 29 per cent. During the financial year and period under review your Company has not made any additional investment in this Subsidiary.

The Subsidiary is expecting significant growth during the remaining part of the current financial year.

C. Rasa Autocom Limited

During the year under review, this Company has started manufacturing activities and recorded a turnover of Rs.19.78 crores. The Company has incurred loss of Rs.7.72 crores against the net loss of Rs.0.05 crore during the previous year. During the financial year and period under review your Company has not made any additional investment in this Subsidiary.

D. Uttarakhand Automotives Limited

During the year under review, this Company has not started any manufacturing activities. The Company has incurred expenses of Rs.2.40 crores towards administrative and other operating expenses. The Company sustained a net loss of Rs.2.40 crores during the year under report. During the financial year and period under review your Company has not made any additional investment in this Subsidiary.

E. RAA Autocom Limited

During the year under review, the Company has transferred the Plot No. 23 measuring 20475 Sq. Mtrs. situated at Phase II, Sector 5, GC Bawal, Haryana to the holding Company against the consideration of Rs.4.07 crores. The Company has incurred expenses of Rs.0.56 crore towards administrative and other operating expenses. The Company suffered a net loss of Rs.0.06 crore during the year under report. During the financial year and period under review your Company has not made any additional investment in this Subsidiary.

F. AAN Engineering Industries Limited

As reported earlier, your Company took over Rupak Automotive Industries Limited by acquiring its entire paid-up Equity Capital of Rs.5.00 lacs on 8th April, 2011 as a consequence it became our Wholly Owned Subsidiary Company. It was renamed as AAN Engineering Industries Limited. During the financial year and period under review your Company has not made any additional investment in this Subsidiary.

JOINT VENTURE COMPANIES WHICH ARE ALSO SUBSIDIARIES

A. Rico Jinfei Wheels Limited

The Company earned a total revenue of Rs.43.33 crores during the financial year ended 31st March, 2012 as against Rs.42.40 crores in the previous year. This Company has incurred a loss of Rs.9.16 crores in the financial year ended 31st March, 2012 as against Rs.5.53 crores in the previous year.

Your Company has invested Rs.21.28 crores in the Equity Share Capital on 11th July, 2012 and as on date our investment in Equity Share Capital stood at Rs.30.53 crores.

B. KRP Auto Industries Limited

During the year under report, the Company has sold the entire 475680 fully paid-up equity shares of Rs.100/- each of the Joint Venture and Subsidiary Company namely KRP Auto Industries Limited to its other Joint Venture Partner namely Kailash Royal Premium Projects Private Limited. The entire consideration of Rs.20.30 crores (including the amount of premium) towards our investment has been received and consequently KRP Auto Industries Limited has ceased to be Subsidiary Company w.e.f. 12th December, 2011. This transaction does not impact on business operation of the Company.

JOINT VENTURE COMPANIES

A. FCC Rico Limited

FCC Rico recorded a gross turnover (excluding other income) of Rs.839.19 crores for the financial year ended 31st March, 2012 as against Rs.700.67 crores in the previous year, a growth of 20 per cent. The Board of this Company has recommended a dividend of 75 per cent for the year ended 31st March, 2012. Your Company expects to receive an amount of Rs.2.96 crores by way of dividend on its investment.

Further, the Company has achieved a gross turnover (excluding other income) of Rs.228.68 crores for the quarter ended 30th June, 2012 as against Rs.182.98 crores in the corresponding quarter of the previous year, an increase of 25 per cent.

The Company's new plant at Bangalore has commenced commercial production in the month of July, 2012 which caters to the needs of TVS Motor Company Limited for its plant at Hosur, Mysore.

B. Magna Rico Powertrain Private Limited

Magna Rico recorded a turnover of Rs.21.70 crores in the financial year ended 31st March, 2012 as against Rs.15.42 crores in the previous year. During the financial year under review your Company has invested Rs.3.50 crores in the Equity Share Capital and as on date our investment in the Equity Share Capital stood at Rs.17.12 crores.

C. Continental Rico Hydraulic Brakes India Private Limited

During the year under report, the Company has sold the entire 5,50,00,000 fully paid-up equity shares of Rs.10/- each of the Joint Venture Company namely Continental Rico Hydraulic Brakes India Private Limited to its Joint Venture Partner Group Company namely, Continental Automotive Holding Netherlands BV. The entire consideration of Rs.48.61 crores towards our investment has been received and consequently Continental Rico Hydraulic Brakes India Private Limited has ceased to be our Joint Venture Company w.e.f. 9th March, 2012.

FINANCIAL STATEMENTS

Pursuant to the Listing Agreements, the appended Audited Consolidated Financial Statements of the Subsidiaries and the Joint Venture Companies, in accordance with Accounting Standards issued by the Institute of Chartered Accountants of India form a part of the Annual Report.

In terms of circular issued by the Ministry of Corporate Affairs, general exemption has been granted from the provisions of Section 212 of the Companies Act, 1956 to Companies in relation to attaching accounts and other documents pertaining to its subsidiaries subject to fulfillment of the conditions mentioned in the circular. The Board of Directors have, vide their resolution passed on 30th May, 2012, consented not to attach the accounts and other documents pertaining to Company's Subsidiaries. The Company will make available these documents upon request by any member of the Company interested in obtaining the same. However, as directed by the Central Government, the financial data of the subsidiaries have been disclosed elsewhere forming part of the Annual Report.

FIXED DEPOSITS

During the year the Company has not accepted deposits from the public under section 58A of the Companies Act, 1956.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (MDA)

Pursuant to Clause 49 of the Listing Agreement, MDA which forms part of this Report is annexed.

CORPORATE GOVERNANCE

A separate report on Corporate Governance along with General Shareholders information as prescribed under the Listing Agreement is annexed as a part of this Report, along with the Auditors' Certificate thereon.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

i) in the preparation of the annual accounts for the financial year ended 31st March, 2012 the applicable accounting standards have been followed and there are no material departures;

ii) appropriate accounting policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012 and of the profit for the year 1st April, 2011 to 31st March, 2012;

iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities; and

iv) the annual accounts for the financial year ended 31st March, 2012 have been prepared on a going concern basis.

AUDIT COMMITTEE

Your Company has an Audit Committee to meet the requirement of the Companies Act, 1956 as well as of Listing Agreement with the Stock Exchanges. The details of the Audit Committee are given under the Corporate Governance Report.

LISTING OF EQUITY SHARES

The Equity Shares of your Company are presently listed on Bombay Stock Exchange Limited & The National Stock Exchange of India Limited. The Annual Listing Fees have been paid for the financial year 2012-13.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of your Company, Prof. Vinod Kumar Bhalla and Shri Rakesh Kapur, Directors will retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Shri Anup Singh has not sought re-election at the ensuing Annual General Meeting and will cease to be Director on the Board at the conclusion of the ensuing Annual General Meeting of the Company. The Board of your Company placed on record their sincere

appreciation for the valuable services rendered by Shri Anup Singh during his tenure as a Director of the Company.

Brief resume relating to Directors who are being re-appointed are given in the Notice of the Annual General Meeting.

AUDITORS

M/s. Gupta Vigg & Co. (Firm Registration No. 001393N), Chartered Accountants, Statutory Auditors of the Company will retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have, however, expressed their unwillingness to continue as Auditors after the conclusion of this Annual General Meeting. The Board of your Company placed on record their appreciation of the services rendered by them during their association with the Company as its Auditors. The Board has recommended M/s. Walker, Chandiok & Co (Firm Registration No.001076N), Chartered Accountants to be appointed as Auditors from the conclusion of the ensuing Annual General Meeting to the conclusion of next Annual General Meeting. M/s. Walker, Chandiok & Co has furnished a Certificate to the effect that the proposed appointment, if made, will be in accordance with Sub-section (1B) of Section 224 of the Companies Act, 1956.

The observations in the Auditors' Report are dealt within the notes to accounts at appropriate places and being self-explanatory, need no further comments.

COST AUDITORS

In compliance with the Central Government Notification No. 52/26/CAB-2010 dated 24th January, 2012 pertaining to appointment of Cost Auditors, the Board has appointed M/s. J.K. Kabra & Co., Cost Accountants, New Delhi to carry out the cost audit of the Company for the financial year 2012-2013. The necessary application for appointment of Cost Auditors has been filed with Hon'ble Ministry of Corporate Affairs, New Delhi.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As required by the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the relevant information is given in the annexure forming part of this report.

TRANSFER OF UNPAID/UNCLAIMED AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, the declared dividends, which remained unpaid/ unclaimed for a period of 7 years have been transferred by the Company to the IEPF established by the Central Government pursuant to Section 205C of the said Act.

PERSONNEL

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the Members of the Company and others entitled thereto. Member who is interested in obtaining such particulars may write to the Company Secretary at the Corporate Office of the Company. The said information is also available for inspection at the Corporate Office and Registered Office during working hours upto the date of the Annual General Meeting.

During the year under report the Industrial relations with personnel remained cordial, at all Plants. Your Directors wish to place on record their appreciation of the sincere and unstinted support provided to the Company by its employees at all levels.

ACKNOWLEDGEMENTS

The Board wishes to place on record its sincere appreciation for the continued assistance and support extended to the Company by Financial Institutions, Banks and various departments of Central and State Governments. Your Directors acknowledge with gratitude the encouragement and support extended by our valued customers.

On behalf of the Board of Directors

Place : Gurgaon
Dated : 12th August, 2012

Chandra Mohan
Chairman

ANNEXURE TO DIRECTORS' REPORT

INFORMATION UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH, 2012.

A. CONSERVATION OF ENERGY

a) Energy Conservation measures taken:
Energy Conservation is an ongoing process with us taken as a challenge. The various measures taken by your Company are:
i) Extended the use of natural gas for power generation, cores baking and paint shop replacing Diesel and LPG.
ii) Balanced load distribution for electric power thereby improving power factor and reducing power consumption.
iii) Reduce energy consumption through:
— Reduced operation of DGs and buying power through open access.
— Installation of Low Power Consumption LED Lights.
— Installation of Tubular day lighting devices on shop floor.
— Recycling of ETP/STP treated water for use in process.
— Installation of Low Tension Shunt Capacitor system for power factor improvement.

b) Additional Investment and Proposals for reduction of consumption of energy:

i) Natural Gas supply at new plant locations.

ii) Solar lighting for buildings and streets.

c) Impact of the above Measure:

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

d) Total Energy Consumption and Energy Consumption per unit of production:

Being not applicable to auto components sector, the Form A is not furnished.

B. TECHNOLOGY ABSORPTION

e) Efforts made in technology absorption as per Form B:

The details in this regard are set out in Form B attached hereto.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

f) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans are mentioned below:

i) Activities relating to exports: Year 2011-12 saw a flat growth trend for exports to North America, Europe and Asia. The main reasons for this muted growth during the year were Tsunami in Japan, floods in Thailand, coupled with lower than estimated growth in Europe and North American market mainly driven by severe economic uncertainty of the Euro zone due the unresolved debt crisis. Your Company also lost significant business with one of its customers in the global market as a continued fall out of the labour strike in 2009. Export sales remained flat at Rs.201.00 crores. During the first quarter of the current fiscal, NAFTA & European market remain very volatile with no clear trend emerging. Automotive sales in the first quarter 2012-13 have also been sluggish compared to the previous quarter. Your Company has been able to maintain a positive trend in export sales registering a growth of 19 per cent in the first quarter of the current fiscal compared to corresponding quarter of the previous year.

ii) Initiatives taken to increase exports: In past few years there has been a continuous endeavor to add new products and customers in our portfolio across the globe. In 2011-12 we were successful in adding Musashi Auto, Nissan-Ashok Leyland and Volvo-Eicher Commercial Vehicles with a significant potential to supply to their export markets. Most of our customers have shown their keen intent to engage with Rico as their preferred supplier and work as a long term strategic partner. This intent is based on the demonstrated ability to supply superior quality critical and complex parts at most competitive prices and manage an extended supply chain to deliver just in time. Rico is building capability and infrastructure to produce more complex and higher value parts in order to build a competitive position in this segment.

iii) Development of new export markets, products and services: Despite the uncertainty, your Company has won fresh orders with its commercial vehicle customers for supplies to North America and Brazil. It has also been able to significantly increase its global share of business with it's tier 1 customer for automatic transmission components currently being supplied.

Your Company is also exploring the opportunities to make inroads in the non automotive business segments.

iv) Export plans: The export market is showing signs of revival and your Company is confident that it will be able to maintain double digit growth of its sales to its export customers. This will also be on the back of new product and ramp of programs launched in the last year.

g) Total foreign exchange used and earned:

(Rs. in Crores)

	Particulars	2011-2012	2010-2011
i)	CIF value of imports	**17.14**	49.00
ii)	Expenditure in foreign currency	**5.35**	6.05
iii)	Foreign Exchange earned	**196.19**	193.97

FORM – B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

A. RESEARCH & DEVELOPMENT (R&D)

1. Specific areas in which R&D carried out by the Company:

a) ATM (Advanced Thixotropic Metallurgy): The team is exploring with CSIRO (Commonwealth Scientific & Industrial Research Organisation-Australia) for modified runner design of HPDC Dies, which may lead to weight reduction of 30% and improvement in porosity level.

b) Defect Analysis: The team was trained for defect analysis at NML (National Material Laboratory – Jamshedpur) and conducted the defect analysis on turbine housing, differential housing, HPDC Dies – for suitability of raw material & heat treatment.

c) Patent : A patent has been filed for new core design for center housing.

2. Benefits derived as a result of R&D:

a) Defect Analysis has helped Company for solving the defects arising at customer's end and thus building customer's confidence. Die failure analysis has helped Company to select the suitable material & heat treatment cycle for longer die life.

b) With the grant of patent, the efforts for innovation by Company will be recognized and Company will be able to protect its intellectual property right in specific areas.

3. Future plan of action:

a) To pursue the ATM project and horizontal deployment across all dies in HPDC.

4. Expenditure on R&D:

a)	Capital Expenditure (Net of Sale/Disposal) including Capital Work-in-Progress as on 31/03/2012	:	Rs.10.50 crores
b)	Capital Expenditure during the year 2011-12	:	Rs.0.10 crore
c)	Capital Work-in-Progress during the year 2011-12	:	—
d)	Recurring Expenditure	:	Rs.2.90 crores
e)	Depreciation	:	Rs.0.45 crore
f)	Total (b to e)	:	Rs.3.45 crores
g)	Total R&D expenditure as percentage to total turnover	:	0.28%

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief, made towards technology absorption, adaptation & innovation:

— Co-efficient of linear expansion of Ferrous (SG Iron, Si-Mo & Si-Mo-Cr) & Aluminium (ADC 12, SADC 14) were successfully conducted and the results were verified against customer's specification. The co-relation of co-efficient of linear expansion and the phase transformation was established.

— Defect analysis was conducted on Turbine housing using SEM (Scanning Electron Microscope) and subsequently thermal fatigue test was conducted. The lump graphite formation was observed after the thermal fatigue. Hence the reason of failure was attributed due to abnormal usage.

— Silicon size, DAS (Dendritic Arm Spacing) was checked on Aluminium using SEM (Scanning Electron Microscope).

2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.

— The heat treatment cycle of TMC (Tandem Master Cylinder) was established after conducting a DOE (Design of Experiment). This has resulted in achieving the required physical properties of the metal after heat treatment. This has eliminated expensive trial & error of the heat treatment cycles and resulting loss.

— The root cause of the defect of turbine housing crack was analysed and communicated to the customer. This has helped in confidence building.

— The quality requirement of the customer in DAS specification was met after conducting experiments with different modifiers during melting of aluminium.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:

Technology Imported:

i) The Company has signed a Technical Assistance Agreement with HONSEL AG of Germany to develop and manufacture Aluminium Cylinder Blocks for Diesel Engines solely relating to the 2-Cylinder blocks for "Tata Nano Diesel".

a)	Year of import	2009
b)	Has technology been fully absorbed	Yes
c)	If not fully absorbed, areas where this has not taken place, reasons & future Implementation course of action	N.A.

ANNEXURE TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

Rico Auto Industries Limited (RICO) is amongst the leading players in the Indian auto components industry. RICO supplies Aluminium and Ferrous Machined Components and Assemblies to Original Equipment Manufacturers (OEMs) across the globe.

INDUSTRY STRUCTURE AND DEVELOPMENTS

According to a report by ACMA, the Indian Auto Component Industry would grow at a Compounded Annual Growth Rate (CAGR) of 11 per cent through 2011-21. Not only meeting domestic demand, India is poised to scale new heights in terms of exports as well. The said report estimates that exports would grow at a CAGR of 18.8 per cent through the forecast period.

India recorded GDP at 6.5 per cent in 2011-2012, after witnessing an average GDP growth of 8.5 per cent in the past five years. This is mainly due to weakening industrial growth. Despite lower GDP growth, India remains one of the fastest growing economies across the globe. Acceleration of activities during the year 2012 is expected to push up global growth in 2013. Emerging economies are forecast to grow at a rate of 6 per cent in 2013, whereas advanced economies are expected to grow at a rate of 2 per cent in 2013.

The Automotive Industry as a whole has recorded an aggregate sales growth of 12 per cent at 17.38 million units as against previous year figures of 15.52 million units. The two wheeler segment registered double digit growth of 16 per cent with aggregated unit sales of domestic (growth of 14 per cent) and export (growth of 26.5 per cent) reaching 15.38 million units. The passenger cars and multi utility vehicle segment had a muted growth rate of 4.7 per cent (3.13 million units) compared to 29 per cent (2.97 million units) in the previous year with the domestic market registering only 3.9 per cent growth, at 2.62 million units' sale compared to 2.52 million in the previous year. The domestic commercial vehicle segment which includes the sub one tonner vehicles which are becoming popular for last mile distribution and passenger traffic had sales of 0.81 million units compared to 0.68 million units in the previous year, thus registering a growth of 20 per cent.

Keeping pace with the Automotive Industry, the Indian Auto Component Industry turnover stood close to US$ 43.5 Billion for the year 2011-12 over the previous year turnover of US$ 39.9 Billion, growth of 9 per cent. Exports of Auto Components from India during the financial year 2011-12 increased to US$ 6.9 Billion from US$ 5.2 Billion compared to previous year 2010-11.

OPPORTUNITIES, THREATS AND OUTLOOK

India's Auto Component Industry today has the capability to manufacture the entire range of auto components at comparatively low cost. India is, therefore, emerging as a auto components hub and is expected to play a significant role in the global automotive supply chains in the coming years. All global auto makers are setting up plants in India to cater to the domestic as well as export markets.

Your Company with a view to explore opportunities with existing and new customers has (a) developed dedicated account teams to focus on each customer; (b) kept pace with the latest technological developments; and (c) adopted the quality standards in line with the global standards to meet its commitments.

Your Company is well poised to seize opportunities available to the auto component industry on account of its reputation of being a reliable source of complex components and assemblies, multiple fully integrated production facilities, equipped to offer the complete spectrum of services from designing of components to development of tools, casting and precision machining and assembly of auto components.

During the year 2011-12 your Company witnessed modest growth of 12.68 per cent in sales. The domestic revenue grew at 16.2 per cent, despite the lower quarter on quarter economic and industrial growth. This was mainly lead by improved product penetration and volume growth with Hero MotoCorp Limited, FCC Rico, Tata Cummins and Tata Motors Limited. Due to the labour issues at one passenger car customer's plant for an extended period of time, there was significant loss of sales. During the year your Company has been able to add Mushashi Auto India, Nissan Ashok Leyland, Volvo Eicher Commercial Vehicles and AVTECH in its customer portfolio and would actualize initial sales in the current year.

Export sales have reported a flat trajectory for the year 2011-12, registering decrease of 0.75 per cent. The primary reason for this muted growth has been loss of business with one of its customers in the global market as a continued fall out of the labour strike in 2009. However efforts are being made to restore customers' confidence. Further, there has been lower than estimated growth in Europe and North American markets mainly driven by severe economic uncertainty and the fate of the Euro Zone due to the unresolved debt crisis. European market remains a very volatile market with no clear trend emerging.

Despite the uncertainty, your Company has won fresh orders from its commercial vehicle customers for supplies to North America and Brazil. Your Company has also been able to significantly increase its share of business with its tier 1 customer for automatic transmission components currently being supplied.

ECONOMIC OUTLOOK 2012-13

The business outlook for 2012-13 is showing early signs of slowdown. Estimates of the Central Statistical Organisation (CSO), Government of India (GOI), suggest that India's real GDP growth will have reduced from 8.4 per cent in 2010-11 to 6.5 per cent in 2011-12 with GDP per cent in Q4 2011-12 coming in at 5.3 per cent. The guidance for the current year pegs the economy to grow at 5.8 per cent and inflation to remain between 6.5 to 7 per cent. As the fiscal imbalance continues to be a major area of policy concern, the Current Account Deficit is expected to be around 3.6 per cent. Higher energy cost and high interest rates due to high inflation would be a dampener for growth for the industry. Global oil prices, remaining at levels well over US$ 95 per barrel for the first quarter of the current fiscal and expected to firm up towards the end of the year, will definitely put severe pressure on operating margins.

Positive move of a marginal decline in inflation in the first quarter and some promised growth oriented policy decisions may help ease out the liquidity and in turn lead the way for a lowering of interest rates regime in the subsequent quarters. Starting with a weaker rupee in the first quarter, compared to the dollar would partially improve the competitive position for your Company in the export market.

BUSINESS OUTLOOK 2012-13

Your Company maintains a cautious but optimistic growth projection for the year 2012-13. Sales in the first quarter have been sluggish and the Index of Industrial Production (IIP) numbers has turned negative compared to last year. Your Company has been able to maintain a positive sales trend with domestic sales showing a

marginal growth of 5.2 per cent QoQ, and export sales registered a growth of 19 per cent QoQ.

In the second quarter the automotive industry is witnessing a significant slowdown in all segments and there has been stock correction activity taking place among the major players. Further, there has been labour unrest at one customer plant, which will negatively impact sales in the future quarters.

Your Company believes that a de-risked business model, strong emphasis on design & engineering capabilities, emphasis on productivity improvement, efficient utilization of assets, reduction in working capital & lean manufacturing will help in creating opportunities and maintain its competitive advantage in the auto component industry.

Your Company in order to address the concerns relating to rising interest rate, material cost, energy cost, availability of power and volatility in foreign exchange is taking steps to reduce the adverse impact on the profitability.

SEGMENT WISE PERFORMANCE

The Company is operating mainly in the Auto Components business.

FINANCIAL PERFORMANCE

1. **Revenue**

   The gross revenue of Rs.1225.95 crores was recorded in the financial year ended 31st March, 2012 as compared to Rs.1085.21 crores in the previous year. The total revenue for the financial year ended 31st March, 2012 includes export revenue of Rs.200.76 crores as against Rs.202.30 crores.

2. **Profits**

   The Company has earned Profit before Interest, Depreciation and Tax (PBIDT) of Rs.123.95 crores during the financial year ended 31st March, 2012 over the previous year's profit of Rs.134.59 crores. The Company has recorded a Profit before Tax (PBT) of (Rs.0.27) crore during the financial year ended 31st March, 2012 against Rs.29.03 crores (includes an amount of Rs.10.61 crores and Rs.9.29 crores being the profit on transfer of leasehold rights/interests of the Company in the immovable properties at Ambernath, Mumbai and Bommasandra, Bangalore respectively).

3. **Earning Per Share (EPS)**

   The Basic and Diluted EPS of Re.1/- paid up share is Re.(0.29) and Re.(0.29) respectively for the financial year ended 31st March, 2012. The previous year's Basic and Diluted EPS was Rs.2.03 and Rs.1.96 respectively on Re.1/- paid up share.

4. **Dividend**

   The Board has recommended a Dividend @ 15 per cent i.e. Re.0.15 per Equity Share of Re.1/- each for the financial year 2011-12, amounting to Rs.2.35 crores including dividend tax of Rs.0.32 crore on the Equity Share Capital of Rs.13.53 crores as against a dividend of 20 per cent i.e. Re.0.20 per Equity Share of Re.1/- each aggregating to Rs.3.15 crores including dividend tax of Rs.0.44 crore in the previous year on the Equity Share Capital of Rs.13.53 crores.

5. **Investment**

   During the year under review, your Company has made investment in Equity Share Capital of the following Subsidiary/ Joint Venture Companies:

   1. Magna Rico Powertrain Pvt. Ltd. — Rs.3.50 crores
   2. AAN Engineering Industries Ltd. — Rs.0.05 crore

   Investments made above are expected to contribute towards the growth and profitability of the Company in the coming years.

6. **Reserve & Surplus**

   The Reserve and Surplus stood at Rs.299.85 crores in the financial year ended 31st March, 2012 as compared to Rs.306.12 crores in the previous year, which shows marginal decrease of 2 per cent year on year.

7. **Loan Funds**

   Total debt outstanding as on 31st March, 2012 has decreased to Rs.428.40 crores as against Rs.453.53 crores in the previous year. The ratio of total debts to net worth now stands at 1.37 compared to 1.42 in the previous year.

8. **Fixed Assets**

   Net Addition to gross block has been Rs.24.90 crores during the financial year ended 31st March, 2012, which has increased the total gross block to Rs.858.27 crores (Refer Note 13 to Balance Sheet for additional details). Net Addition to Plant & Machinery of Rs.9.33 crores comprises 37 per cent of the total additions made during the year. Ratio of gross sales to gross block has increased from 1.3 times to 1.4 times in the financial year 2011-12. Ratio of net sales to net block has increased from 2.07 times to 2.46 times in the financial year 2011-12. The impact of these additions would be reflected by increase in turnover in the coming financial years. These additions besides raising the plant's production capabilities & capacities to meet the increased demand of the customers will help us to reduce delivery time for customers as well.

RISKS AND CONCERNS

The Company is exposed to external and internal risks associated with the business.

The operations of the Company are directly dependent on the Indian automotive industry. The cyclical nature of the industry affects us. General economic conditions impact the automotive industry and in turn the operations as well. To counter these risks, we continue to broaden our product portfolio, increase our customer profile and geographic reach.

The Company is exposed to strong competitive pressures, both domestic and overseas. The Company's established reputation, close customer relationships, ability to provide higher level of engineering, design support and relentless drive for improvement gives us a competitive edge. The Company is also exposed to financial risk from changes in interest rates, foreign exchange rates and commodity prices.

We are fully aware of other risks and are implementing structured risk management system. The Company is taking steps to ensure the effective risk management including risk identification and its mitigation through proper insurance covers and other strategies.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has effective and adequate internal control systems covering all areas of operations. These are being periodically reviewed by the Auditors of the Company and continuous improvements are being made.

HUMAN RESOURCES

At RICO, our people have always been our most valuable resource. We support our people with continuous training and education facilities both in-house and outside. Our relations with employees are cordial at all the plants.

There are 5092 employees including 2724 contractual employees in the Company as on 31st March, 2012.

ENVIRONMENT, HEALTH & SAFETY MANAGEMENT

The Company is committed for continuous improvement in Environment, Health and Safety Systems (EHS) in the organisation and ensuring the compliance with all applicable legal & customer requirements. Behaviour based safety and CDM (Clean Development Projects) are the new initiatives taken to inculcate safe working culture and to reduce carbon emission.

Emergency Preparedness through periodic drills, Safety & Health awareness through competitions, campaigns & event celebrations are part of regular EHS Practice which enhance the employee involvement.

Different trainings & tool box talks on EHS are making people aware on different aspects of safety, health & environment. Continuous training on various topics is imparted to improve employee's competency in EHS. This strategy will help to improve EHS performance indicator e.g. Near Miss Reporting, reduction in Lost Time Injury Frequency Rate (LTIFR) and Severity rate.

We believe that health is wealth, so regular health camps & awareness sessions are incorporated in the EHS plan. The Company is committed for continual improvement in the ISO-14001 and OHSAS-18001 Systems through periodic audits by one of the World's Leading Certification Agency - American Systems Registrar (USA).

INFORMATION TECHNOLOGY

Rico is acquiring state-of-the-art technology and information source. Continuous improvement in terms of availability of information and security is our prime motto. Technologies like Private Cloud and Cloud Storage is helping us to protect vital information in the event of disaster. The Organization is moving more towards generating business intelligence reports using IT Infrastructure.

CAUTIONARY NOTE

This report contains certain forward looking statements. All such statements are subject to risks and uncertainties. Actual results could differ materially from those expressed or implied.

ANNEXURE TO DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT (AS PER CLAUSE 49 OF LISTING AGREEMENT)

Corporate Governance aims to maximize long-term stakeholders value. It is a combination of many factors to achieve the objectives of transparency, full disclosure, a system of checks and balances between the shareholders, directors, auditors and the management. Your Company's Board comprises of not only promoter Directors, but professionally competent non-executive and independent Directors who have effective control over the affairs of the Company. The Board on a continuous basis monitors implementation of decisions taken and at the same time provides management and employees a stable environment to plan and execute strategy.

The compliance report on the Corporate Governance is given below:

1. **COMPOSITION OF BOARD**

Rico Auto's Board meets the requirement of code of Corporate Governance as stipulated in the Listing Agreement in respect of composition of the Board of Directors. It consists of Ten Directors - Two Executive and Eight Non-Executive Directors and of which Seven are Independent. They all have with them considerable experience in their respective fields. The Chairman of the Board is a Non-Executive Independent Director.

Particulars of Directors of the Company and their directorship in other Companies, Membership/Chairmanship in committees across all Companies in which they are Directors and shareholding in the Company as on 31st March, 2012:

Name of the Director	Category	Number of Committees		Number of other Directorship held#	Shareholding as on 31/03/2012
		Membership held#	Chairmanship held#		
Shri Chandra Mohan	Independent – Non Executive Chairman	5	—	7	Nil
Shri Anup Singh	Independent – Non Executive	—	2	1	Nil
Prof. Vinod Kumar Bhalla	Independent – Non Executive	3	1	2	1500
Shri Kanwal Monga	Independent – Non Executive	1	—	2	Nil
Shri Amarjit Chopra	Independent – Non Executive	3	2	4	Nil
Dr. Ashok Seth	Independent – Non Executive	—	—	1	25000
Shri Satish Sekhri	Independent – Non Executive	5	—	4	3500
Shri Rakesh Kapur	Non-Executive	1	—	9	2159020
Shri Arun Kapur	Executive – Jt. Managing Director	—	—	6	8651160
Shri Arvind Kapur	Executive – Vice Chairman, CEO & Managing Director	1	—	7	12652460

#Excluding Private Limited Companies

Shri Arvind Kapur, Shri Arun Kapur and Shri Rakesh Kapur are related to each other as brothers.

There are no pecuniary relationship or transactions of Independent Directors vis-à-vis the Company. Only two Committees viz. the Audit Committee and Shareholders/Investors Grievance Committee are considered for the purpose. None of the Director is a member of more than ten aforesaid Board Committees or Chairman of more than five such Committees.

A. **Managing Director and Joint Managing Director**

The Company has one Managing Director and one Joint Managing Director who are responsible for overall management, planning, policy, strategy, operations, marketing, production, sales subject to the superintendence, control and direction of the Board of Directors. The Managing Director & Joint Managing Director are being paid remuneration exceeding limits prescribed under Schedule XIII to the Companies Act, 1956 with prior approval of the Central Government. The remuneration being paid is recommended by the Remuneration Committee followed by the Board and the Shareholders approval.

B. **Retirement of Directors**

Managing Director and Joint Managing Director are not subject to retirement by rotation, but hold office for five years and are eligible for re-appointment. The Non-Executive/Independent Directors are liable to retire by rotation in accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company.

The particulars of Directors being re-appointed are given in the Explanatory Statement attached to the Notice of the ensuing Annual General Meeting of the Company.

C. **Board Meetings, Shareholder Meetings and Attendance Record of the Directors**

The details of the Meetings as well as attendance record of all Directors during the year 2011-12 is as under and the maximum interval between any two meetings was not more than four months:

Details of Board Meetings held

Date of the Board Meeting	Place of the Meeting	Directors	
		Number	Present
21/05/2011	Corporate Office	10	9
11/08/2011	–do–	10	8
02/11/2011	–do–	10	7
14/02/2012	–do–	10	10

Attendance at Meetings

Name of the Director	No. of Board Meetings		Attended Last AGM*
	Held	Attended	
Shri Chandra Mohan	4	2	No
Shri Anup Singh	4	4	Yes
Prof. Vinod Kumar Bhalla	4	4	No
Shri Kanwal Monga	4	3	No
Shri Amarjit Chopra	4	4	No
Dr. Ashok Seth	4	1	No
Shri Satish Sekhri	4	4	No
Shri Rakesh Kapur	4	4	Yes
Shri Arun Kapur	4	4	Yes
Shri Arvind Kapur	4	4	Yes

*28th Annual General Meeting (AGM) held on 30th September, 2011 at the Registered Office of the Company.

D. **Post Meeting Follow-up**

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

2. **REMUNERATION COMMITTEE**

The "Remuneration Committee" as per revised Clause 49 of Listing Agreement is a non-mandatory requirement. Remuneration Committee of the Company consisting of the three Independent and Non-Executive Directors met twice during the year 2011-12 for considering payment of remuneration to Shri Arvind Kapur, Vice Chairman, CEO & Managing Director and Shri Arun Kapur, Joint Managing Director for remaining tenure of service w.e.f. 01/04/2012 to 16/12/2014 and 01/04/2012 to 31/03/2015 respectively:

Name of the Director	Position held	Meeting held on	Members Present
Shri Anup Singh	Chairman	11/08/2011	3
Shri Kanwal Monga	Member	14/02/2012	3
Shri Amarjit Chopra	Member		

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

A. **Remuneration paid to Directors**

The Non-Executive Directors are entitled to sitting fee and commission based on Net Profit of the Company as computed under the applicable provisions of the Companies Act, 1956.

The sitting fee being paid to Non-Executive Directors for attending the each meetings are as under:

Board Meeting	–	Rs.20,000/-
Audit Committee Meeting	–	Rs.15,000/-
Shareholders/Investors Grievance Committee Meeting	–	Rs.3,000/-
Remuneration Committee Meeting	–	Rs.3,000/-

The Non-Executive Directors are also entitled to remuneration by way of 1% Commission on net profits calculated as per the Companies Act, 1956, subject to a maximum of Rs.24.00 lacs in each financial year collectively to be divided among them as may be determined by the Board. The Shareholders and Central Government approvals for payment of Commission of Rs.24.00 lacs were obtained on 30th September, 2010 and 9th February, 2011 respectively for a period of five years w.e.f. 1st April, 2010.

Remuneration to Managing Director and Joint Managing Director is governed by resolutions passed by the Remuneration Committee, Board of Directors and Shareholders of the Company which covers the terms of appointment and payment of remuneration. The remuneration is by way of salary, perquisites and allowances (fixed components) and commission (variable components) on net profits of the Company subject to overall ceiling of 10 per cent as stipulated in Section 198 & 309 of the Companies Act, 1956. In any financial year, if profits are inadequate to cover the remuneration of Managing Director/Joint Managing Director then approval of the Central Government has to be sought. The Central Government has granted approval for payment of remuneration to Managing Director for three years w.e.f. 01/04/2009 to 31/03/2012. There is no separate provision for service contracts, notice period and payment of severance fees. The details and terms of appointment and remuneration are as covered under the resolutions passed by the Shareholders.

There is no other pecuniary relationships or transactions with the Company.

Details of the Remuneration paid during 2011-12 are given below:

(Rupees' 000)

Name of the Director	Sitting Fees	Salary	Perks	Commission*	Total
Shri Chandra Mohan	30	N.A.	N.A.	127	157
Shri Anup Singh	132	N.A.	N.A.	127	259
Prof. Vinod Kumar Bhalla	128	N.A.	N.A.	127	255
Shri Kanwal Monga	54	N.A.	N.A.	127	181
Shri Amarjit Chopra	103	N.A.	N.A.	127	230
Dr. Ashok Seth	20	N.A.	N.A.	127	147
Shri Satish Sekhri	110	N.A.	N.A.	107	217
Shri Rakesh Kapur	78	N.A.	N.A.	127	205
Shri Arun Kapur	N.A.	26265	1134	–	27399[(a)]
Shri Arvind Kapur	N.A.	22500	1544	–	24044[(b)]

*Commission paid for the year 2010-11

[(a)]Rs.14667 and [(b)]Rs.11313 are the amounts of arrear included in above remuneration respectively.

B. **Stock Option**

At present the Company has no stock option plans.

3. **AUDIT COMMITTEE**

Your Company has an Audit Committee since 1996 and is fully operational. The Committee consists of four Non-Executive and Independent Directors. One of them is a Chartered Accountant and other being well qualified and experienced in the field of accounting matters, financial reporting and internal controls. The power and role of the Audit Committee is as per guidelines set out in the listing agreement and as prescribed under section 292A of the Companies Act, 1956. The composition and attendance in the Committee is as under:

Name of the Director	Position held	Meetings held on	Members Present
Shri Anup Singh	Chairman	20/05/2011	2
Prof. Vinod Kumar Bhalla	Member	11/08/2011	4
Shri Amarjit Chopra	Member	01/11/2011	4
Shri Satish Sekhri (w.e.f.21/05/2011)	Member	11/02/2012	3

Besides the Chief Financial Officer Shri O.P. Aggarwal, both Statutory Auditors and Internal Auditors regularly attend the Audit Committee Meetings and the Audit Committee discuss with them various issues.

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

4. **SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE**

The "Shareholders/Investors Grievance Committee" as required under Clause 49 of the Listing Agreement consisting of the three Independent and one Non-Executive Director met four times during the year 2011-12:

Name of the Director	Position held	Meetings held on	Members Present
Shri Anup Singh	Chairman	20/05/2011	3
Prof. Vinod Kumar Bhalla	Member	11/08/2011	4
Shri Amarjit Chopra	Member	01/11/2011	4
Shri Rakesh Kapur	Member	11/02/2012	3

The Minutes of each Shareholders/Investors Grievance Committee meeting are placed before the meetings of the Board. The Company Secretary acts as Secretary to the Committee.

5. **SHARE TRANSFER COMMITTEE**

The Share Transfer Committee met 11 (Eleven) times in the last financial year (01/04/2011 to 31/03/2012). The Minutes of each Share Transfer Committee Meeting are placed before the meetings of the Board.

Share Transfer Committee consists of the following four members:

	Name of the Director		Position held
i)	Shri Arvind Kapur	–	Chairman
ii)	Shri Arun Kapur	–	Member
iii)	Prof. Vinod Kumar Bhalla	–	Member
iv)	Shri Rakesh Kapur	–	Member

Name and Designation of Compliance Officer:

Shri B.M. Jhamb – Company Secretary

6. **DETAILS OF GENERAL BODY MEETINGS**

Financial Year	Type of the Meeting	Location of Meeting	Date	Time
2008-2009	26th Annual General Meeting	Registered Office	30/09/2009	10.30 AM
2009-2010	27th Annual General Meeting	–do–	30/09/2010	4.00 PM
2009-2010	Extra Ordinary General Meeting	–do–	18/12/2010	11.00 AM
2010-2011	28th Annual General Meeting	–do–	30/09/2011	12.00 Noon

Postal Ballot

No Special/Ordinary Resolutions were put through Postal Ballot last year. At the ensuing AGM also there is no Resolution proposed to be passed through postal ballot.

Extra Ordinary General Meeting (18/12/2010)

1. To enhance the Borrowing Powers of the Board of Directors from Rs.600.00 crores to Rs.900.00 crores and also to secure the loan amount by creation of mortgage/charge over the movable and immovable properties of the Company.
2. To give Power to the Board of Directors to create charge over the assets of the Company.

The following Special Resolutions were taken up in the AGMs held during the last three financial years and were passed with requisite majority on show of hands:

26th AGM (30/09/2009)

1. Waiver of recovery of excess remuneration paid to Shri Arvind Kapur, Vice Chairman, CEO & Managing Director and Shri Arun Kapur, Joint Managing Director.

2. Re-appointment and payment of remuneration to Shri Arvind Kapur, Vice Chairman, CEO & Managing Director and Shri Arun Kapur, Joint Managing Director.

27th AGM (30/09/2010)

1. Approval for payment of commission (over and above the payment of sitting fee) at the rate of one per cent of the net profits of the Company subject to a maximum limit of Rs.24.00 lacs per annum to all Non-wholetime Directors for five years commencing from 1st April, 2010 to 31st March, 2015.

28th AGM (30/09/2011)

1. Approval for payment of remuneration to Shri Arvind Kapur, Vice Chairman, CEO & Managing Director of the Company for remaining tenure of service w.e.f. 01/04/2012 to 16/12/2014.

7. **DISCLOSURES**

i) **Related Party Transactions:**

The Company follows the following policy in disclosing the related party transactions to the Audit Committee:

a) A statement in summary form of transactions with related parties in the ordinary course of business is placed periodically before the Audit Committee.

b) There are no material individual transactions with related parties, which are not in the normal course of business, and which are not on an arm's length basis.

ii) **Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large:**

None of the transactions with any of the related parties were in conflict with the interests of the Company. The related party's disclosure is annexed to and forms part of the accounts for the year ended 31st March, 2012 (Refer Note No.33).

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

No penalties have been imposed or strictures passed by any regulatory authority on any matter related to capital markets during the last three years.

iv) **Risk Management:**

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

v) **Disclosure of Accounting Treatment**:

The financial statements are prepared under the historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) and Accounting Standards issued under the Companies (Accounting Standards) Amended Rules, 2009 and provisions of the Companies Act, 1956.

During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However it has significant impact on presentation and disclosures made in the financial statements.

vi) **Preferential Issue:**

During the financial year 2011-12, no Preferential Issue was made.

vii) **Management Discussion and Analysis:**

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

viii) **Compliance with mandatory requirements:**

As stipulated in Clause 49 of the Listing Agreement, the Company has obtained a Certificate from the Statutory Auditors to the effect that the Company has complied with the conditions of the Corporate Governance. The same is annexed to the Directors' Report and is sent annually to all the Shareholders.

This Certificate will be forwarded to the Stock Exchanges alongwith the Annual Report of the Company.

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

The Clause further states that the Non-Mandatory requirements may be implemented as per the discretion of the Company.

The Compliance Status of the Non-Mandatory requirements of the Clause 49 of the Listing Agreement as mentioned in Annexure 1-D is as under:

A. **The Board**

a) Maintenance of Chairman Office – The Company does not maintain the office of the Non-Executive Chairman.
b) Tenure of Independent Directors – No Specific tenure has been fixed for the Independent Directors.

B. **Remuneration Committee**

This Non-Mandatory requirements has been adopted by the Company and the detail is provided under Item No. 2 of this report.

C. **Shareholder Rights**

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

D. **Audit Qualifications**

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

E. **Training of Board Members**

At present, no such training is being provided, as all Board Members are well experienced and qualified in their respective fields.

F. **Mechanism for evaluating Non-Executive Board Member**

At present, no such mechanism is in place to evaluate the performance of Non-Executive Directors.

G. **Whistle Blower Policy**

At present, the Company does not have Whistle Blower Policy.

8. **MEANS OF COMMUNICATION**

i) Quarterly Results are published in the following newspapers:

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

ii) Quarterly Results and Shareholding Pattern are displayed on Company's website at www.ricoauto.com and it also displays presentations made to Institutional Investors/Analysts, if any, and all important/price sensitive informations are submitted to the BSE/NSE where the shares of the Company are listed and these Stock Exchanges displays these announcement on their respective websites.

iii) The Shareholder Information section forms part of the Annual Report.

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

Shri Sooraj Kapoor, Practicing Company Secretary carried out Reconciliation of Share Capital Audit on quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid-up capital as on 31st March, 2012 is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. The Reconciliation of Share Capital Audit Report is being submitted to the Stock Exchanges and is also placed before the Board Meeting from time to time for confirmation.

10. **CODE FOR PREVENTION OF INSIDER TRADING PRACTICES**

In compliance with the SEBI Regulations on prevention of Insider Trading, the Company has adopted a code of conduct for its Directors and Designated Employees. The code lays down guidelines which includes procedures to be followed and disclosures to be made while dealing into the shares of the Company.

The Company observes a closed period for trading in securities of the Company by the Directors/Officers and Designated Employees of the Company for the period of atleast Seven days prior to the Board Meeting to consider results and upto 24 hours after the date on which the results for the respective quarter/half year/year is notified to the Stock Exchanges.

11. **CHIEF EXECUTIVE OFFICER (CEO), CHIEF FINANCIAL OFFICER (CFO) AND COMPLIANCE OFFICER**

Shri Arvind Kapur, Vice Chairman & Managing Director is Chief Executive Officer, Shri O.P. Aggarwal, Executive Director (Finance) is Chief Financial Officer and Shri B.M. Jhamb, Company Secretary is Compliance Officer as per requirements of the Listing Agreement.

12. **CODE OF CONDUCT**

The Company has adopted a Code of Conduct for its Board Members and Senior Management. The Code of Conduct has also been posted on the website of the Company at www.ricoauto.com. The code has been circulated to all the Directors and Senior Management.

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

I hereby confirm that:

The Company has obtained from all the Board Members and Senior Management personnel, affirmation that they have complied with the Code of Conduct for Board Members and Senior Management in respect of the financial year ended 31st March, 2012.

Arvind Kapur
Vice Chairman,
Chief Executive Officer &
Managing Director

13. **CEO AND CFO CERTIFICATION**

To
The Board of Directors
Rico Auto Industries Limited
38 KM Stone, Delhi-Jaipur Highway
Gurgaon–122001 (Haryana)

We, Arvind Kapur, Vice Chairman, Chief Executive Officer & Managing Director and O.P. Aggarwal, Chief Financial Officer & Executive Director (Finance) of Rico Auto Industries Limited, responsible for the finance function, to the best of our knowledge and belief, certify that:

a) We have reviewed the Balance Sheet and Profit and Loss Account (Consolidated and Unconsolidated) for the financial year ended 31st March, 2012 and all its schedules and notes on accounts, as well as the Cash Flow Statements and that to the best of our knowledge and belief:

   i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii) These financial statements and other financial information included in the report, present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.

b) To the best of our knowledge and belief, no transactions entered into by the Company during the financial year ended 31st March, 2012 are fraudulent, illegal or violative of the Company's code of conduct.

c) We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Company's Auditors and the Audit Committee that there are no deficiencies in the design or operation of internal controls.

d) We have indicated to the Auditors and the Audit Committee:

   i) that there has not been any significant changes in internal control over financial reporting during the year under report;

   ii) that there has not been any significant changes in accounting policies during the year which required disclosure in the notes to the financial statements; and

   iii) that we are not aware of any instances during the year under report of any fraud with involvement therein, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Arvind Kapur
Vice Chairman,
Chief Executive Officer &
Managing Director

O.P. Aggarwal
Chief Financial Officer &
Executive Director (Finance)

Place : Gurgaon
Date : 30th May, 2012

GENERAL SHAREHOLDERS' INFORMATION

1. **Annual General Meeting**

Date and Time	:	29th September, 2012 at 12.00 Noon
Venue	:	Registered Office 69 KM Stone, Delhi-Jaipur Highway, Dharuhera, Distt. Rewari – 122106 (Haryana) India

2. **Financial Calendar**

Financial Year	:	1st April to 31st March

For the year 2011-12, Results were announced on

First quarter ended June 30, 2011	:	August 11, 2011
Second quarter and half year ended September 30, 2011	:	November 02, 2011
Third quarter ended December 31, 2011	:	February 14, 2012
Fourth quarter and year ended March 31, 2012	:	May 30, 2012

For the year 2012-13, Results will be announced on (Tentative)

First quarter ending June 30, 2012	:	August, 2012
Second quarter and half year ending September 30, 2012	:	November, 2012
Third quarter ending December 31, 2012	:	February, 2013
Fourth quarter and year ending March 31, 2013	:	May, 2013

3. **Dates of Book Closure** : 15th September, 2012 to 29th September, 2012 (both days inclusive).

4. **Dividend Payment Date** : Dividend @Re.0.15 per share would be paid within 30 days of declaration by the shareholders in the Annual General Meeting.

5. **Registered Office** : 69 KM Stone, Delhi-Jaipur Highway
Dharuhera, Distt. Rewari – 122106
(Haryana) India

6. **Registrar and Transfer Agent** (Common for Physical Transfer as well as Dematerialisation of Shares) : M/s. MCS Limited
F–65, Okhla Industrial Area
Phase I, New Delhi – 110020

7. **Share Transfer System** :

Physical

The transfer, transmission, remat, split of share certificate and issue of duplicate share certificate are approved by the Share Transfer Committee. This Committee normally meets as and when required to complete the transfer related works within the stipulated period. The shares have been transferred and returned within a period of 30 days from the date of receipt, provided that the documents are clear in all respects. In Compliance with the Listing Agreement, a Certificate from Shri Sooraj Kapoor, Practicing Company Secretary is being obtained half yearly that all the shares received by the Company for transfer, split and replacement have been duly transferred, splitted and replaced and issued by the Company within the period stipulated under the Listing Agreement.

Demat

Requests for dematerialisation of shares are processed and confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) directly by the Registrar and Share Transfer Agent.

8. **Dematerialisation of Shares and Liquidity**

Trading in Equity Shares of the Company is permitted only in dematerialised form w.e.f. 28th August, 2000 for all investors. The ISIN Number of both NSDL and CDSL is INE209B01025.

The Equity Shares of the Company are regularly traded on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

Break-up of Shares in Physical and Demat segment as on March 31, 2012

Segment	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
Physical	8028	15.09	2726334	2.02
Demat	45188	84.91	132558666	97.98
Total	**53216**	**100.00**	**135285000**	**100.00**

9. **Investors' Services – Complaints status during the year upto March 31, 2012**

Complaints from	Opening	Received	Resolved	Pending
Stock Exchanges, SEBI/Depository	Nil	4	4	Nil
Shareholders	Nil	Nil	Nil	Nil
Total	**Nil**	**4**	**4**	**Nil**

10. **Listing and Stock Codes**

Shares of the Company are listed on the following Stock Exchanges and Depositories and the Company has paid the Fees due to them.

Name of Stock Exchanges/Depositories		Stock Codes/ISIN
Bombay Stock Exchange Limited	–	520008
National Stock Exchange of India Limited	–	RICOAUTO
National Securities Depository Limited and Central Depository Services (India) Limited	–	INE209B01025

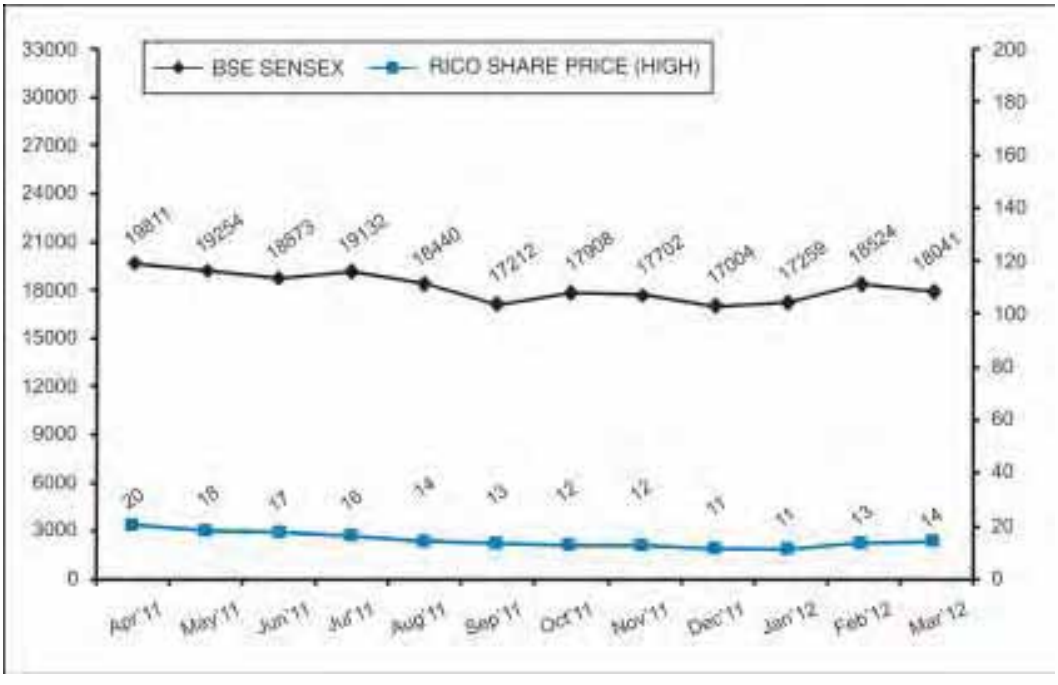
11. **Stock Market Data**

The closing price as on 31st March, 2012 of the Equity Shares at BSE and NSE is Rs.10.20 & Rs.10.10 respectively. Monthly high & low price and volume of Shares of Re.1/- each traded at BSE and NSE for 2011-12 are as under:

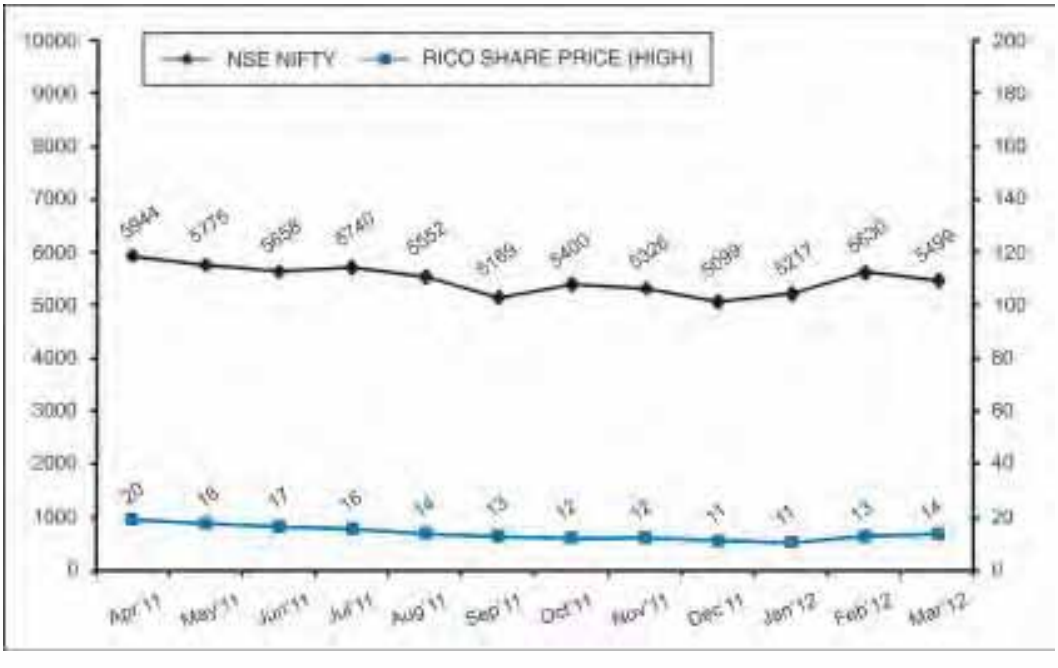
	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
Month/Year	High (Rs.)	Low (Rs.)	Volume of Shares Traded	High (Rs.)	Low (Rs.)	Volume of Shares Traded
April, 2011	19.55	15.80	2846702	19.50	15.70	4947722
May, 2011	17.90	15.50	1479285	18.00	15.50	2849639
June, 2011	17.35	12.25	1262067	17.35	12.90	2924149
July, 2011	15.90	12.50	1039889	15.75	12.65	2154344
August, 2011	13.70	10.25	1046235	13.65	10.05	3070785
September, 2011	13.20	11.00	1061969	13.20	11.00	1586139
October, 2011	12.15	10.65	775575	12.05	10.55	1291771
November, 2011	12.40	9.60	797274	12.45	9.75	1410071
December, 2011	11.00	7.55	987010	11.00	7.50	2087933
January, 2012	10.95	8.00	1003771	10.95	7.55	919643
February, 2012	12.95	10.05	1721739	13.00	10.15	4145069
March, 2012	13.50	9.80	1271367	13.60	9.80	2962429

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

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



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



13. **Distribution of Shareholding as on March 31, 2012**

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
1 – 5000	51678	97.11	24887290	18.40
5001 – 10000	841	1.58	6221653	4.60
10001 – 20000	334	0.63	4816210	3.56
20001 – 30000	124	0.24	3114725	2.30
30001 – 40000	64	0.12	2262193	1.67
40001 – 50000	50	0.09	2283344	1.69
50001 – 100000	65	0.12	4595624	3.40
100001 & above	60	0.11	87103961	64.38
Total	**53216**	**100.00**	**135285000**	**100.00**

14. **Shareholding Pattern as on March 31, 2012**

Category Code	Category of Shareholder	Number of Share-holders	Total Number of Shares	Number of Shares held in Dematerialised Form	Total Shareholding as a Percentage of Total Number of Shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Number of Shares	As a Percen-tage
(A)	**Shareholding of Promoter and Promoter Group**							
(1)	**Indian**							
(a)	Individuals/Hindu Undivided Family	13	27501188	27261488	20.33	20.33	20000000	72.72
(b)	Central Government/ State Government(s)	—	—	—	—	—	—	—
(c)	Bodies Corporate	3	40199790	40199790	29.71	29.71	12000000	29.85
(d)	Financial Institutions/Banks	—	—	—	—	—	—	—
(e)	Any Other (Specify)	—	—	—	—	—	—	—
	Sub-Total (A)(1)	**16**	**67700978**	**67461278**	**50.04**	**50.04**	**32000000**	**47.27**
(2)	**Foreign**							
(a)	Individuals (Non-Resident Individuals/Foreign Individuals)	1	79000	79000	0.06	0.06	—	—
(b)	Bodies Corporate	—	—	—	—	—	—	—
(c)	Institutions	—	—	—	—	—	—	—
(d)	Any Other (Specify)	—	—	—	—	—	—	—
	Sub-Total (A)(2)	**1**	**79000**	**79000**	**0.06**	**0.06**	**0.00**	**0.00**
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	**17**	**67779978**	**67540278**	**50.10**	**50.10**	**32000000**	**47.21**

Shareholding Pattern contd.

(B)	**Public Shareholding**						**NA**	**NA**
(1)	**Institutions**						**NA**	**NA**
(a)	Mutual Funds/UTI	—	—	—	—	—		
(b)	Financial Institutions/Banks	4	8350	4000	0.00	0.00		
(c)	Central Government/ State Governments	—	—	—	—	—		
(d)	Venture Capital Funds	—	—	—	—	—		
(e)	Insurance Companies	—	—	—	—	—		
(f)	Foreign Institutional Investors	1	51723	51723	0.04	0.04		
(g)	Foreign Venture Capital Investors	—	—	—	—	—		
(h)	Any Other (Specify)	—	—	—	—	—		
	Sub-Total (B)(1)	**5**	**60073**	**55723**	**0.04**	**0.04**		
(2)	**Non-Institutions**						**NA**	**NA**
(a)	Bodies Corporate	868	8288552	8231452	6.13	6.13		
(b)	Individuals:							
	i) Individual Shareholders holding nominal share capital upto Rs.1 lac	51869	40491492	38066308	29.93	29.93		
	ii) Individual Shareholders holding nominal share capital in excess of Rs.1 lac	32	15872676	15872676	11.73	11.73		
(c)	Any Other (Specify)							
	i) NRI	422	2783729	2783729	2.06	2.06		
	ii) Foreign Companies	—	—	—	—	—		
	iii) OCBs	—	—	—	—	—		
	iv) Trusts & Foundations	3	8500	8500	0.00	0.00		
	Sub-Total (B)(2)	**53194**	**67444949**	**64962665**	**49.85**	**49.85**		
	Total Public Shareholding (B)=(B)(1)+(B)(2)	**53199**	**67505022**	**65018388**	**49.90**	**49.90**		
	Total (A) + (B)	**53216**	**135285000**	**132558666**	**100.00**	**100.00**		
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**	—	—	—	—	—	**NA**	**NA**
(1)	Promoter and Promoter group	—	—	—	—	—	—	—
(2)	Public	—	—	—	—	—	—	—
	Grand Total (A) + (B) + (C)	**53216**	**135285000**	**132558666**	**100.00**	**100.00**		

15. **Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion Date and likely impact on Equity**

The Company has not issued any GDRs/ADRs/Warrants or any Convertible Instruments.

16. **Investors/Shareholders Correspondence**

i)	Transfer/dematerialisation of Shares and any other queries relating to Shares	:	M/s. MCS Limited F-65, Okhla Industrial Area, Phase I New Delhi – 110020, India Tel : (011)41406149 Fax : (011)41709881 E-mail : admin@mcsdel.com
ii)	Any queries relating to the Financial Statements of the Company	:	Shri O.P. Aggarwal Executive Director (Finance) Tel : (91)(0124) 2824110 E-mail : opaggarwal@ricoauto.com
iii)	Payment of dividend on Shares and any other queries relating to Annual Report	:	Shri B.M. Jhamb Company Secretary Rico Auto Industries Limited 38 KM Stone, Delhi-Jaipur Highway Gurgaon – 122001 (Haryana) India Tel : (91)(0124) 2824221, 2824000 Fax: (91)(0124) 2824200 E-mail : bmjhamb@ricoauto.com & cs@ricoauto.com

17. **Plant Locations** :

Dharuhera Plant
69 KM Stone, Delhi-Jaipur Highway
Dharuhera, Distt. Rewari – 122106
(Haryana) India

Gurgaon Plant
38 KM Stone, Delhi-Jaipur Highway
Gurgaon – 122001 (Haryana) India

Haridwar Plant
Plot No.1, Industrial Park IV,
Village Begumpur, Distt. Haridwar
(Uttarakhand) India

Sanand Plant
Plot No.D2, Tata Motors Vendor Park
Village Sanand, P.O. Viroch Nagar
Ahmedabad – 382170
(Gujarat) India

18. **Unclaimed Dividends**

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956 the amount of dividend which remains unpaid/unclaimed for a period of 7 years is transferred to the "Investor Education and Protection Fund" (IEPF), constituted by the Central Government and member(s) would not be able to claim any amount of dividend so transferred to IEPF. As such, member(s) who have not yet encashed his/their dividend warrant(s) is/are requested in his/their own interest to write to the Company for claiming outstanding dividend declared by the Company. The amount of unpaid or unclaimed dividend relating to the financial year ended 31st March, 1995 to 31st March, 2004 have already been transferred to the Investor Education and Protection Fund (IEPF).

Date of Transferring Unclaimed Dividend to the Central Government

Year	Rate of Dividend (%)	Date of Declaration	Due date for transfer to IEPF
2005	Interim – 100	01/06/2005	01/07/2012
2006	Final – 100	30/09/2006	30/10/2013
2007	Interim – 75	16/03/2007	16/04/2014
2008	Final – 60	30/09/2008	30/10/2015
2009	Final – 15	30/09/2009	30/10/2016
2010	Final – 15	30/09/2010	30/10/2017
2011	Final – 20	30/09/2011	30/10/2018

Unclaimed Dividend as on March 31, 2012

Year	Rate of Dividend (%)	No. of Warrants Issued	Amount of Dividend (Rs.)	Amount of Unclaimed Dividend (Rs.)	Unclaimed Dividend (%)
2005	Interim – 100	17115	107170000.00	565085.00	0.53
2006	Final – 100	23452	122585000.00	621230.00	0.51
2007	Interim – 75	24037	94188750.00	486444.75	0.52
2008	Final – 60	51888	75351000.00	882145.80	1.17
2009	Final – 15	50117	18837750.00	274756.50	1.46
2010	Final – 15	50925	19328250.00	296076.60	1.53
2011	Final – 20	54441	27057000.00	428260.20	1.58

19. **Unclaimed Share Certificates**

As per Clause 5A of the Listing Agreement, the Company has sent three reminders for claiming the shares to the shareholders, whose shares are lying unclaimed with the Company. After issue of three reminders the Company still has around 6825 folios comprising around 1620190 equity shares. As required by the said Clause, the unclaimed shares lying in possession of the Company will be transferred in dematerialized form to the "Unclaimed Shares Suspence Account" to be administered by the Company on behalf of the shareholders concerned. On receipt of the claim from the shareholder, the Company will transfer back the shares to the shareholder concerned from the said account.

20. **Bank Details**

Shareholders holding shares in physical form are requested to intimate the following to the Company at the Corporate Office or Registrar & Share Transfer Agent, M/s. MCS Limited to facilitate better servicing:

i) any change in their address/mandate/bank details; and

ii) particulars of the bank account in which they wish their dividend to be credited, in case the same have not been furnished earlier.

Shareholders are advised that respective bank details and address as furnished by them or by NSDL/CDSL to the Company, for shares held in the physical form and in the dematerialized form respectively, will be printed on dividend warrants so as to protect against fraudulent encashment.

21. **National Electronic Clearing Service (NECS) Facility**

The Company, with respect to payment of dividend, provides the facility of NECS to Shareholders wherever the facility is available, as permitted by the Reserve Bank of India.

Shareholders holding shares in the physical form who now wish to avail the NECS Facility, may authorize the Company by sending their NECS Mandate, in the prescribed form to the Company, in case the same has not been furnished earlier. The NECS Mandate form can be obtained from the Corporate Office of the Company.

22. **Nomination Facility**

Shareholders holding shares in physical form and desirous of making/changing nomination in respect of their shareholding in the Company, as permitted under section 109A of the Companies Act, 1956 may submit the prescribed Form 2B to the Company. Members holding shares in dematerialized mode may contact their Depository Participant (DP) for availing this facility.

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

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government, members who have not registered their e-mail IDs, so far, are requested to register their e-mail IDs, in respect of electronic holdings with concerned Depository Participants. Members who hold shares in physical form are requested to register the same with the Company's Registrar & Share Transfer Agent, M/s. MCS Limited, New Delhi.

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To the Members of
Rico Auto Industries Limited

We have examined the compliance of conditions of Corporate Governance by Rico Auto Industries Limited for the year ended 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of Gupta Vigg & Co.
Firm Regn. No.001393N
Chartered Accountants

CA. Kawal Jain
Partner
Membership No.089214

Place : Gurgaon
Date : 12th August, 2012

AUDITORS' REPORT

To the Members of

Rico Auto Industries Limited

1. We have audited the attached Balance Sheet of Rico Auto Industries Limited as at 31st March, 2012 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 [as amended by the Companies (Auditors' Report) Amendment Order, 2004], issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
   - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
   - ii) In our opinion, proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of those books.
   - iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
   - iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
   - v) On the basis of the written representations received from the Directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of requirement under section 274(1)(g) of the Companies Act, 1956.
   - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Significant Accounting policies and notes appearing thereon as contained in Note No.1 to 47 give the information as required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
     - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012.
     - (b) In the case of the Profit and Loss Account, of the profit for the year ended on that date.
     - (c) In the case of Cash Flow Statement, of the cash flow for the year ended on that date.

For **GUPTA VIGG & CO.**
Chartered Accountants
Firm Regn.No.001393N

CA. KAWAL JAIN
PARTNER
Membership No.089214

Place : Gurgaon
Dated : 30th May, 2012

ANNEXURE REFERRED TO IN PARAGRAPH '3' OF THE AUDITORS' REPORT ON THE ACCOUNTS OF RICO AUTO INDUSTRIES LIMITED FOR THE YEAR ENDED 31st MARCH, 2012

i) (a) The Company has maintained proper records to show full particulars, including quantitative details and situation of all fixed assets.

(b) Fixed Assets have not been physically verified by the management during the year but there is a regular programme of verification except for furniture and fixtures and office equipments which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.

(c) No substantial part of fixed asset has been disposed off during the year.

ii) (a) The Inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and its nature of business.

(c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

iii) (a) The Company has granted loans secured or unsecured to the following Companies, Firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

(Rs. in Crores)

Sl. No.	Name of Party	Relationship with Party	Year end Balance	Maximum amount outstanding at any point during the year
a)	Rico Jinfei Wheels Limited	92.5% Joint Venture & Subsidiary Company	38.33	39.15
b)	Rasa Autocom Limited	100% Subsidiary Company	12.12	23.98
c)	Uttarakhand Automotives Limited	100% Subsidiary Company	20.62	20.62
d)	RAA Autocom Limited	100% Subsidiary Company	1.60	5.43
e)	AAN Engineering Industries Limited	100% Subsidiary Company	0.14	0.14

(b) In our opinion the rate of interest wherever applicable and other terms and conditions on which the loans have been granted to Companies, Firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.

(c) In respect of loans given by the Company, which are repayable on demand, the question of overdue amount does not arise hence Clause 4 (iii) (d) is not applicable.

(d) The Company has not taken any loans, secured or unsecured from Companies, Firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Hence Clause 4 (iii)(f) and Clause 4 (iii)(g) is not applicable.

iv) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and for sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weakness in internal controls.

v) (a) Based on our audit procedure and according to information and explanation given to us by the management, we are of the opinion that the transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.

(b) Based on our audit procedure and according to information and explanation given to us by the management, we are of the opinion that the transaction made in pursuance of contracts and arrangements entered in the register maintained under section 301 in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

vi) According to the information and explanation given to us, the Company has not accepted any deposits from the public under section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.

vii) In our opinion and according to the information and explanations given to us, the Company has an adequate internal audit system commensurate with the size and nature of its business.

viii) We have broadly reviewed the books of accounts relating to materials, labour and other items of cost maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not carried out detailed examination of the same.

ix) (a) According to the records, undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty, Education Cess and Service Tax have been deposited with the appropriate authorities, *though there has been delay in some cases in deducting and depositing of Provident Fund and Service Tax.* According to the information and explanation given to us, there are no undisputed amounts payable in respect of Provident Fund, Investor Education & Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty, Education Cess and Service Tax which were outstanding, as at 31st March, 2012 for a period of more than six months, from the date they became payable.

(b) According to the information and explanations given to us, no dues of Provident Fund, Investor Education & Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty, Education Cess and Service Tax which have not been deposited on account of any dispute except the following:

(Rs. in Crores)

Sl. No.	Name of Statute	Nature of dues	Amount (Rs.)	Forum where dispute is pending
a)	Local Area Development Tax	LADT	0.01	Joint Commissioner (Appeal), Faridabad
b)	Income Tax Act	TDS	4.54	Assessing officer, Income Tax, Gurgaon
c)	Income Tax Act	Income Tax	0.19	C.I.T. (Appeal) Ludhiana

d)	H.G.S.T. Act & Central Sales Tax Act	Sales Tax	0.43	Joint Excise & Taxation Commissioner (Appeal), Faridabad
e)	Central Excise & Service Tax Act	Excise Duty	4.71	Customs, Excise & Service Tax Appellate Tribunal, New Delhi
f)	Central Excise & Service Tax Act	Service Tax	4.50	Customs, Service Service Tax Deptt. (Appeal to be filed in Appellate Tribunal, New Delhi)
g)	DHBVN	Demand for Short Assessment	5.60	Ombudsman at Panchkula

x) The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.

xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution and banks.

xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, during the year under audit.

xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/society. Therefore, the provisions of Clause 4(xiii) of this order are not applicable to the Company.

xiv) According to the information and explanations provided to us, we are of the opinion that the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of Clause 4(xiv) of this order are not applicable to the Company.

xv) The Company has given Guarantees to the bankers of two of its Subsidiaries (a) Rasa Autocom Limited (wholly owned) for Rs.43.00 Crores (Previous year Rs.Nil) (b) Rico Jinfei Wheels Limited (92.5% owned) for Rs.10.00 Crores during the year (Previous year Rs.Nil). According to the information and explanations given to us, the terms and conditions of those banks are not prejudicial to the interests of the Company.

xvi) According to information and explanations given to us, the term loans were applied for the purpose for which loans were obtained.

xvii) According to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, we report that Rs.1.06 Crores raised on short term basis have been used for long-term purposes.

xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained u/s 301of the Companies Act, 1956.

xix) During the period covered by our audit report, the Company has not issued any debentures.

xx) The Company has not raised any money by way of public issue.

xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **GUPTA VIGG & CO.**
Chartered Accountants
Firm Regn.No.001393N

CA. KAWAL JAIN
PARTNER
Membership No.089214

Place : Gurgaon
Dated : 30th May, 2012

BALANCE SHEET AS AT MARCH 31, 2012

	Notes	As at March 31, 2012 (Rs. in Crores)	As at March 31, 2011 (Rs. in Crores)
I. EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
a) Share Capital	3	**13.53**	13.53
b) Reserve & Surplus	4	**299.85**	306.12
Sub-Total Shareholder's Funds		**313.38**	319.65
2. NON-CURRENT LIABILITIES			
a) Long-Term Borrowings	5	**171.88**	245.10
b) Deferred Tax Liabilities (net)	6	**38.50**	34.91
c) Other Long-Term Liabilities	7	**1.50**	1.50
d) Long-Term Provisions	8	**4.27**	2.24
Sub-Total Non-Current Liabilities		**216.15**	283.75
3. CURRENT LIABILITIES			
a) Short-Term Borrowings	9	**175.41**	145.89
b) Trade Payables	10	**149.12**	182.63
c) Other Current Liabilities	11	**119.66**	113.34
d) Short-Term Provisions	12	**6.18**	7.21
Sub-Total Current Liabilities		**450.37**	449.07
TOTAL		**979.90**	1052.47
II. ASSETS			
1. NON-CURRENT ASSETS			
a) Fixed Assets			
i) Tangible Assets	13	**450.06**	474.87
ii) Intangible Assets	13	**1.23**	0.68
iii) Capital Work-in-Progress		**67.84**	59.77
b) Non-Current Investments	14	**31.20**	98.60
c) Long-Term Loans & Advances	16	**89.28**	78.51
d) Other Non-Current Assets	17	**—**	—
Sub-Total Non-Current Assets		**639.61**	712.43
2. CURRENT ASSETS			
a) Current Investments	15	**—**	—
b) Inventories	18	**95.88**	102.20
c) Trade Receivable	19	**168.99**	142.31
d) Cash and Cash Equivalents	20	**2.61**	14.03
e) Short-Term Loans & Advances	21	**72.44**	80.66
f) Other Current Assets	22	**0.37**	0.84
Sub-Total Current Assets		**340.29**	340.04
TOTAL		**979.90**	1052.47

Significant Accounting Policies and
Notes to Financial Statements 1 to 47

As per our report of even date
for **Gupta Vigg & Co.**
Chartered Accountants
Firm Regn. No.001393N

CA. Kawal Jain
Partner
Membership No. 089214

O.P.Aggarwal
Executive Director (Finance)

For and on behalf of the Board of Directors

Chandra Mohan
Chairman

Anup Singh
Satish Sekhri
Directors

Arvind Kapur
Vice Chairman,CEO
& Managing Director

Place : Gurgaon
Dated : 30th May, 2012

B.M.Jhamb
Company Secretary

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012

		Notes	**Year ended March 31, 2012 (Rs. in Crores)**	Year ended March 31, 2011 (Rs. in Crores)
I.	Revenue From Operations (gross)	23	**1201.45**	1067.31
	Less : Excise Duty		**88.84**	79.21
	Revenue From Operations (net)		**1112.61**	988.10
II.	Other Income	24	**24.50**	17.90
III.	Total Revenue (I + II)		**1137.11**	1006.00
IV.	Expenses:			
	Cost of Material Consumed	25	**662.89**	579.10
	Changes in Inventories of FG & WIP	26	**1.54**	(6.97)
	Employee Benefits Expenses	27	**142.35**	129.71
	Finance Costs	28	**67.87**	51.62
	Depreciation	13	**56.35**	53.94
	Other Expenses	29	**195.14**	188.68
	Total Expenses		**1126.14**	996.08
V.	Profit Before Exceptional Items and Tax (III - IV)		**10.97**	9.92
VI.	Exceptional Items	30	**11.24**	(19.11)
VII.	Profit Before Tax (V - VI)		**(0.27)**	29.03
VIII.	Tax expenses:			
	1) Current Tax		**—**	4.84
	2) Deferred Tax		**3.59**	(0.87)
	3) Provision for MAT Credit Receivable		**—**	(1.45)
	4) Previous Year Income Tax		**0.08**	—
IX.	Profit for the Period (VII - VIII)		**(3.94)**	26.51
	EARNING PER SHARE (Equity Shares, par value Re. 1/- each)			
	Basic (Rupee)		**(0.29)**	2.03
	Diluted (Rupee)		**(0.29)**	1.96
	Number of Shares considered for computing Earning Per Share			
	Basic		**135285000**	130334781
	Diluted		**135285000**	135285000

Significant Accounting Policies and
Notes to Financial Statements 1 to 47

As per our report of even date
for **Gupta Vigg & Co.**
Chartered Accountants
Firm Regn. No.001393N

CA. Kawal Jain
Partner
Membership No. 089214

O.P.Aggarwal
Executive Director (Finance)

For and on behalf of the Board of Directors

Chandra Mohan
Chairman

Anup Singh
Satish Sekhri
Directors

Arvind Kapur
Vice Chairman,CEO
& Managing Director

Place : Gurgaon
Dated : 30th May, 2012

B.M.Jhamb
Company Secretary

RELIABILITY INNOVATION
COMPETITIVENESS GLOBALIZATION

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

		Year ended March 31, 2012 (Rs. in Crores)		Year ended March 31, 2011 (Rs. in Crores)
A. Cash Flow from Operating Activities				
Net Profit Before Tax and Extra Ordinary Items		**(0.27)**		29.03
Adjustments for:				
Depreciation	**56.35**		53.94	
Loss/(Profit) on Sale of Assets	**4.85**		(19.11)	
Provision for Hedge/Exchange Equalisation Reserve	**0.02**		0.00	
Interest Paid	**67.87**		51.62	
Dividend Received	**(2.96)**		(4.78)	
		126.13		81.67
Operating Profit before Working Capital Changes		**125.86**		110.70
Adjustments for:				
Trade and other Receivables	**(28.11)**		(56.33)	
Inventories	**6.32**		(12.17)	
Trade Payable and Provisions	**(25.41)**	**(47.20)**	50.06	(18.44)
Cash Generated from Operations		**78.66**		92.26
Income Tax Payment for the Year	**(0.71)**	**(0.71)**	0.27	0.27
Cash Flow Before Extra Ordinary Items		**77.95**		92.53
Extra Ordinary Items		**—**		—
Net Cash from Operating Activities (A)		**77.95**		92.53
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets	**(57.73)**		(81.21)	
Sale of Fixed Assets	**12.72**		36.95	
Disposal of Investments (Net)	**67.40**		(34.65)	
Dividend Received	**2.96**		4.78	
Net Cash from Investing Activities (B)		**25.35**		(74.13)
C. Cash Flow From Financing Activities				
Proceeds from Long Term Borrowings	**5.82**		133.00	
Repayment of Long Term Borrowings	**(62.54)**		(60.58)	
Proceeds from Short Term Borrowings (Net)	**13.02**		(38.42)	
Dividend Paid – Equity Shares	**(3.15)**		(2.25)	
Proceeds from issue of Share Capital including Warrants	**—**		8.42	
Interest Paid (Net)	**(67.87)**		(51.62)	
Net Cash used in Financing Activities (C)		**(114.72)**		(11.45)
Extra Ordinary Items		**—**		—
Net Increase in Cash and Cash Equivalents		**(11.42)**		6.95
Cash and Cash Equivalents as at (Opening Balance)		**14.03**		7.08
Cash and Cash Equivalents as at (Closing Balance)		**2.61**		14.03

CASH FLOW STATEMENT (Contd.)

Notes :

1. The above statement has been prepared under indirect method except in case of dividend which has been considered on the basis of actual movement of cash, with corresponding adjustments in assets and liabilities.
2. Cash and cash equivalents represent cash and bank balances only.
3. Additions to fixed assets are stated inclusive of movements of Capital work-in-progress between beginning and end of the year and treated as part of investing activities.
4. Previous year figures have been re-grouped/recast, wherever necessary.

For and on behalf of the Board of Directors

O.P.Aggarwal
Executive Director (Finance)

Chandra Mohan
Chairman

Place : Gurgaon
Dated : 30th May, 2012

B.M.Jhamb
Company Secretary

Anup Singh
Satish Sekhri
Directors

Arvind Kapur
Vice Chairman,CEO
& Managing Director

AUDITORS' CERTIFICATE

We have examined the attached Cash Flow Statement of Rico Auto Industries Limited for the year ended 31st March, 2012. The Statement has been prepared by the Company in accordance with the requirements of Listing Agreement Clause 32 with Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet covered by our report of even date to the members of the Company.

for **Gupta Vigg & Co.**
Chartered Accountants
Firm Regn. No.001393N

CA. KAWAL JAIN
PARTNER
Membership No.089214

Place : Gurgaon
Dated : 30th May, 2012

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Note 1 – CORPORATE INFORMATION

Rico Auto Industries Limited was incorporated in India on 7th March, 1983. Rico is a dynamic world-class engineering group, supplying a broad range of high-precision fully machined aluminium and ferrous components and assemblies to OEMs across the globe. Its integrated services include design, development, tooling, casting, machining, assembly and R&D across aluminium and ferrous products. The Company is in the business of manufacturing and sale of Auto Components for Two Wheelers & Four Wheelers.

Note 2 – SIGNIFICANT ACCOUNTING POLICIES

i) Accounting Convention:

The financial statements are prepared under the historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) and Accounting Standards issued under the Companies (Accounting Standards) Amended Rules, 2009 and provisions of the Companies Act, 1956.

During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However it has significant impact on presentation and disclosures made in the financial statements.

ii) Fixed Assets and Depreciation:

Tangible Assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation on Building and Plant & Equipment is charged on pro-rata basis at the straight line method rates as prescribed in Schedule XIV of the Companies Act, 1956 except on plant and Equipment costing less than Rs.5000/- each in value, which are depreciated at the rate of 100% in the year of purchase. Depreciation on rest of the fixed assets is provided on pro-rata basis at the WDV method at the rates prescribed in Schedule XIV of the Companies Act, 1956.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Initial recognition of intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any Depreciation has been charged on Written Down Value Method.

iii) Investments:

Long Term Investments are carried at cost less provision for diminution in value other than temporary, if any.

iv) Inventories:

Raw Materials, Components, Stores and Spares, Loose Tools and Work-in-Process are valued at cost. Finished Goods are valued at cost or realisable value whichever is less. By-products and Scrap are valued at realisable value. The basis of determining cost for various categories of inventories are as follows:

Raw Material, Components, Stores & Spares and Loose Tools	:	At cost (Weighted Average)
Material in transit	:	At cost
Work-in-Process	:	At Material cost plus Conversion cost on the basis of absorption costing
Finished Goods	:	At Material cost plus Conversion cost on the basis of absorption costing (inclusive of Excise Duty payable)

Inventory of WIP includes closing stock of scrap.

v) Inter-unit transfers of finished goods are made at market price. Closing Stock of such material at Balance Sheet date is evaluated at cost.

vi) Impairment of Assets:

At each Balance Sheet date, the Company reviews, whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the asset exceed its recoverable amount, an impairment loss is recognised in the Profit & Loss Account to the extent the carrying amount exceeds the recoverable amount.

vii) Retirement Benefits:

The Company has various schemes of retirement benefits such as Provident Fund, Gratuity and Earned Leaves.

a) Post Employment Benefit Plans:

I) Payment to defined contribution retirement benefit scheme is charged as an expense as they fall due.

NOTES TO FINANCIAL STATEMENTS (Contd.)

II) For defined benefit schemes, the cost of providing benefits is determined using Projected Unit Credit Method, with actuarial valuation being carried out at each Balance Sheet date. Actual gains & losses are recognised in full in the Profit & Loss Account for the period in which they occur.

III) The retirement benefit obligations recognised in the Balance Sheet represent the present value of the defined benefit obligations as adjusted for unrecognised past service cost and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

b) Defined Benefit Plans:

I) Gratuity Plan

The Company makes annual contribution to the Employee's Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of 6 months. Vesting occurs upon completion of 5 years of service.

II) Leave Encashment Plan

The Company is maintaining a Fund called "Rico Auto Industries Limited Employee Group Leave Encashment Assurance Scheme" for leave encashment benefits of the employees by paying contribution to Life Insurance Corporation of India. The contribution paid to the Fund is charged to revenue.

viii) Sales:

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer in case of domestic sale. Sale value is inclusive of Excise Duty paid on the clearance of goods. Export Sale/Income is accounted for at exchange rate prevailing at the time of sale. Effect of foreign exchange fluctuation on the export sales realised is booked in Miscellaneous Income/Miscellaneous Expenses Account under the head Exchange Rate Fluctuation Account.

ix) Insurance claims which are not significant and not determinable are being accounted for on receipt basis.

x) Prior period and Extra-ordinary items and changes in Accounting Policies having material impact on the financial affairs of the Company are disclosed.

xi) Financial Derivatives Hedging Contracts are accounted on the date of their settlement and realised gain/loss in respect of settled contracts are recognised in the Profit and Loss Account at that time.

xii) Material events occurring after the Balance Sheet date are taken into cognisance.

xiii) Depending on facts of each case and after due evaluation of relevant legal aspects, claims against the Company not acknowledged as debts are disclosed as contingent liabilities. In respect of the statutory matters, contingent liabilities are disclosed only for those demand(s) that are contested by the Company before any Appellate Authority.

xiv) Research and Development Expenses:

Revenue expenditure incurred on Research and Development is charged to revenue in the year it is incurred. Capital Expenditure is included in respective heads under fixed assets.

xv) Interest on Borrowed Funds:

In respect of new units/major expansions, the interest paid/payable on borrowed funds, attributable to construction of building and acquisition/erection of Plant and Machinery is capitalised upto the date of construction/acquisition/erection of aforesaid assets.

xvi) Foreign Currency Transactions:

Transactions in Foreign Currency are recorded at exchange rate prevailing on the date of transactions. Assets and liabilities outstanding as at the close of the accounting year are re-instated at the exchange rate prevailing at the closing of that accounting year and difference so arising in respect of Current Assets and Current Liabilities is transferred to Profit & Loss Account.

The Company has opted to amend its accounting policy for exchange difference arising on reporting of long term foreign currency monetary items in line with the notification of the Companies (Accounting Standards)(AS-11) Amendment Rules, 2009 dated 31st March, 2009. Accordingly, profit/loss arising from the effect of changes in Foreign Exchange Rates on Foreign Currency Loans relating to acquisition of depreciable capital assets are capitalised the cost of such assets.

xvii) The Company creates a provision when there is a present obligation as a result of a past event where the out flow of economic resources is probable and a reliable estimate of the amount of obligation can be made. The disclosure is made for possible or present obligations that may, but probably will not, require out flow of resources as contingent liabilities in the financial statements.

NOTES TO FINANCIAL STATEMENTS (Contd.)

	As at March 31, 2012 (Rs. in Crores)	As at March 31, 2011 (Rs. in Crores)
Note 3 – SHARE CAPITAL		
AUTHORISED		
25,00,00,000 Equity Shares of Re.1/- each (Previous year 25,00,00,000 Equity Shares of Re.1/- each)	**25.00**	25.00
50,00,000 Redeemable Preference Shares of Re.10/- each (Previous year 50,00,000 Shares of Rs.10/- each)	**5.00**	5.00
	30.00	30.00
ISSUED, SUBSCRIBED AND PAID-UP		
13,52,85,000 Equity Shares of Re.1/- each fully paid up with voting rights (Previous year 13,52,85,000 Equity Shares of Re.1/- each fully paid up with Voting Rights)	**13.53**	13.53
	13.53	13.53

VOTING RIGHTS

A) Every member holding equity shares has a right to vote in respect of every Shareholder Meeting, one vote in case of show of hands and in proportion to his number of shares of the Paid-up Equity Capital of the Company in case of voting by poll.

B) Redeemable Preference Shareholders do not have any voting rights in the Shareholder Meetings, they can vote only on certain matters as per the Companies Act, 1956, in proportion to their holding.

LIST OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES

	Number of Shares held	**%Holding in that class of Shares**	Number of Shares held	%Holding in that class of Shares
Kapsons Associates Investments Pvt. Ltd.	**38917050**	**28.77**	38917050	28.77
Arvind Kapur	**12652460**	**9.35**	12652460	9.35
Arun Kapur	**8651160**	**6.39**	8651160	6.39
Ashish Dhawan	**7273092**	**5.38**	6873092	5.08
	67493762	**49.89**	67093762	49.59

RECONCILIATION OF NUMBER OF SHARES OUTSTANDING

	(Nos.)		(Nos.)	
Equity Shares outstanding at the beginning of the year	**135285000**	**13.53**	128855000	12.89
Equity Shares alloted on conversion of warrants	**—**	**—**	6430000	0.64
Equity Shares outstainding at the end of the year	**135285000**	**13.53**	135285000	13.53

WARRANTS CONVERSION

64,30,000 Warrants @ Rs.4.40 converted in Equity Shares of Re.1/- during the previous year 2010-11

RECONCILIATION OF NUMBER OF WARRANTS OUTSTANDING

	(Nos.)		(Nos.)	
Warrants outstanding at the beginning of the year	**—**	**—**	6430000	2.83
Warrants converted during the year	**—**	**—**	6430000	2.83
Warrants outstainding at the end of the year	**—**	**—**	—	—

NOTES TO FINANCIAL STATEMENTS (Contd.)

		As at March 31, 2012 (Rs. in Crores)	As at March 31, 2011 (Rs. in Crores)
Note 4 – RESERVES AND SURPLUS			
CAPITAL RESERVE (On Forfeited Shares & NCD - Rs.34785/-)			
Opening Balance	**0.00**		0.00
Add : Additions during the year	**—**		—
Less : Utilised/ transferred during the year	**—**		—
Closing Balance		**0.00**	0.00
STATE CAPITAL SUBSIDY			
Opening Balance	**0.20**		0.20
Add : Additions during the year	**—**		—
Less : Utilised/ transferred during the year	**—**		—
Closing Balance		**0.20**	0.20
SHARE PREMIUM ACCOUNT			
Opening Balance	**145.04**		145.04
Add : Additions during the year	**—**		—
Less : Utilised/ transferred during the year	**—**		—
Closing Balance		**145.04**	145.04
CAPITAL REDEMPTION RESERVE			
Opening Balance	**2.00**		2.00
Add : Additions during the year	**—**		—
Less : Utilised/ transferred during the year	**—**		—
Closing Balance		**2.00**	2.00
HEDGING RESERVE			
Opening Balance	**(0.02)**		(0.02)
Add : Additions during the year	**—**		—
Less : Utilised/ transferred during the year	**0.02**		—
Closing Balance		**—**	(0.02)
GENERAL RESERVE			
As per last Balance Sheet	**79.03**		77.03
Add: Transferred from Profit & Loss Account	**—**		2.00
		79.03	79.03
SURPLUS			
As per last Balance Sheet	**79.87**		58.51
Add/(Less) : Transferred from Statement of Profit & Loss	**(3.94)**		26.51
Less : Proposed Dividend on Equity Shares	**2.03**		2.71
Less : Corporate Dividend Tax	**0.32**		0.44
Less : Transferred to General Reserve	**—**		2.00
Closing Balance		**73.58**	79.87
		299.85	306.12

NOTES TO FINANCIAL STATEMENTS (Contd.)

	As at March 31, 2012 (Rs. in Crores)	As at March 31, 2011 (Rs. in Crores)
Note 5 – LONG TERM BORROWINGS		
SECURED LOANS		
Term Loan from Banks:		
Foreign Currency Loan	**24.07**	8.96
Rupee Loan	**141.89**	235.62
Other Loan & Advances:		
From Banks	**0.63**	—
From Companies	**0.35**	0.52
UNSECURED LOANS		
From Banks:		
Foreign Currency Loan	**—**	—
Rupee Loan	**—**	—
From Companies:		
Foreign Currency Loan		
Rupee Loan	**4.94**	—
	171.88	245.10

SECURED LOANS

Security Details of Current Year:

a) Foreign Currency USD Term Loans, Non-Funded Capex Limits and Rupee Term Loans are secured by hypothecation of movable fixed assets, both present & future, of the Company ranking first pari-passu charge basis among Axis Bank Limited, Export-Import Bank of India, IndusInd Bank Limited, Kotak Mahindra Bank Limited, State Bank of Hyderabad, State Bank of Patiala and Yes Bank Limited. These Loans are also secured by mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon ranking pari-passu charge basis amongst the said banks.

b) Term Loan of Rs.25.00 Crores from Yes Bank Limited is additionally secured by corporate guarantee of an Associate Company and personal guarantees of Managing Director, Joint Managing Director and a Director of the Company.

c) Capex - Non Funded Facilities of Rs.11.00 Crores & Rs.10.00 Crores availed from IDBI Bank Limited and Yes Bank Limited respectively are secured by exclusive charge on all machineries/assets imported/acquired by utilising the said facilities.

Terms of Repayment:

— Axis Bank Limited - Loan-I, Terms: Originally taken for Rs.30.00 Crores in March, 2010 repayable in 14 quaterly instalments after moratorium of six quarters. Last Instalment is repayable in March, 2015, Rate of Interest as on 31st March, 2012: 13.75% (Previous Year: 12.50%).

— Axis Bank Limited - Loan-II, Terms: Originally taken for Rs.25.00 Crores in March, 2011 repayable in 14 quaterly instalments after moratorium of six quarters. Last Instalment is repayable in March, 2016, Rate of Interest as on 31st March, 2012: 13.50% (Previous Year: 12.25%).

— State Bank of Hyderabad - Loan-I, Terms: Originally taken for Rs.40.00 Crores in November, 2009 repayable in 14 quaterly instalments after moratorium of six quarters. Last Instalment is repayable in November, 2014. Rate of Interest as on 31st March, 2012: 13.50% (Previous Year: 13.00%).

— State Bank of Hyderabad - Loan-II, Terms: Originally taken for Rs.30.00 Crores in September, 2010 repayable in 14 quaterly instalments after moratorium of six quarters. Last Instalment is repayable in September, 2015. Rate of Interest as on 31st March, 2012: 13.50% (Previous Year: 13.00%).

— State Bank of Patiala - Loan-I, Terms: Originally taken for Rs.35.00 Crores in September, 2009 repayable in 14 quaterly instalments after moratorium of six quarters. Last Instalment is repayable in September, 2014. Rate of Interest as on 31st March, 2012: 14.25% (Previous Year: 12.50%).

— State Bank of Patiala - Loan-II, Terms: Originally taken for Rs.50.00 Crores in January, 2011 repayable in 12 quarterly instalments after moratorium of eight quarters. Last Instalment is repayable in January, 2016. Rate of Interest as on 31st March, 2012: 14.25% (Previous Year: 12.50%).

— Kotak Mahindra Bank Limited - Loan-I, Terms: Originally taken for Rs.30.00 Crores in September, 2009 repayable in 12 quarterly instalments after moratorium of zero quarters. Last Instalment is repayable in September, 2012. Rate of Interest as on 31st March, 2012: 11.00% (Previous Year: 11.00%).

NOTES TO FINANCIAL STATEMENTS (Contd.)

— Yes Bank Limited - Loan-I, Terms: Originally taken for Rs.25.00 Crores in December, 2008 repayable in 30 monthly instalments after moratorium of eighteen months. Last Instalment is repayable in December, 2012. Rate of Interest as on 31st March, 2012: 14.95% (Previous Year: 12.95%).

— Export-Import Bank of India - Loan-I, Terms: Originally taken for Rs.15.97 Crores in February, 2011 repayable in 20 quarterly instalments after moratorium of eight quarters. Last Instalment is repayable in February, 2018. Rate of Interest as on 31st March, 2012: 11.72% (Previous Year: 10.99%).

— Export-Import Bank of India - Loan-II, Terms: Originally taken for USD Two Millions in February, 2011 repayable in 20 quarterly instalments after moratorium of eight quarters. Last Instalment is repayable in February, 2018. Rate of Interest as on 31st March, 2012: L+4.50% (Previous Year: L+4.50%).

— IndusInd Bank Limited - Loan-I, Terms: Took over Rs.39.29 Crores Rupee Term Loan of IDBI Bank Limited in equivalent USD in April, 2011. Last Instalment is repayable to IndusInd Bank in March, 2014. Rate of Interest as on 31st March, 2012: 8.05% (Previous Year: IDBI Bank Limited: Taken for Rs.50.00 Crores in March, 2009 repayble in 14 quaterly instalments after moratorium of six quarters. Rate of Interest as on 31st March, 2011: 14.00%).

Security Details of Previous Year:

a) Foreign Currency ECB Loan, USD Loan, Non-Funded Capex Limits and Rupee Term Loans are secured by hypothecation of movable fixed assets, both present & future, of the Company ranking first pari-passu charge basis among Axis Bank Limited, Citibank N.A., IDBI Bank Limited, Export-Import Bank of India, Kotak Mahindra Bank Limited, State Bank of Hyderabad, State Bank of Patiala, Standard Chartered Bank and Yes Bank Limited. These Loans are also secured by mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon ranking pari-passu charge basis amongst the said banks except that of USD/INR Loan equivalent to Rs.50.00 Crores from Export-Import Bank of India, Rupee Term Loan/ Non- Funded Limit of Rs.40.00 Crores from State Bank of Hyderabad, Rupee Term Loan of Rs.50.00 Crores from State Bank of Patiala and Rupee Term Loan from Axis Bank Limited for Rs.25.00 Crores which are yet to be secured by mortgage of deposit of title deeds of abovesaid properties of the Company.

b) Term Loan of Rs.25.00 Crores from Yes Bank Limited is additionally secured by corporate guarantee of an Associate Company and personal guarantees of Managing Director, Joint Managing Director and a Director of the Company.

c) Capex - Non Funded Facilities of Rs.11.00 Crores, Rs.11.00 Crores & Rs.10.00 Crores availed from IDBI Bank Limited, Kotak Mahindra Bank Limited and Yes Bank Limited respectively are secured by exclusive charge on all machineries/assets imported/ acquired by utilising the said facilities.

UNSECURED LOANS

Security Details of Current Year:

Term Loan of Tata Capital Limited is secured by personal guarantee of Managing Director of the Company.

Terms of Repayment:

— Tata Capital Limited - Terms : Taken for Rs.5.82 Crores in June, 2011 repayable in 60 monthly instalments after moratorium of twelve months. Last Instalment is repayable in June, 2017. Rate of Interest as on 31st March, 2012 : 14.50% (Previous Year: Not Applicable).

Security Details of Previous Year:

Not Applicable

	As at March 31, 2012 (Rs. in Crores)	As at March 31, 2011 (Rs. in Crores)
Note 6 – DEFERRED TAX LIABILITY		
As per last Balance Sheet (Refer Note No. 35)	**34.91**	35.78
Add : Provision for the year	**3.59**	(0.87)
	38.50	34.91
Note 7 – OTHER LONG TERM LIABILITIES		
a) Trade Payables	**—**	—
b) Others		
Security Deposits	**1.50**	1.50
	1.50	1.50

NOTES TO FINANCIAL STATEMENTS (Contd.)

	As at March 31, 2012 (Rs. in Crores)	As at March 31, 2011 (Rs. in Crores)
Note 8 – LONG TERM PROVISIONS		
Provision for Gratuity	**2.85**	1.46
Provision for Compensated Absences	**1.42**	0.78
	4.27	2.24
Note 9 – SHORT TERM BORROWINGS		
SECURED LOANS		
Working Capital Loans from Banks:		
Foreign Currency Loan	**11.03**	17.60
Rupee Loan	**104.84**	63.76
UNSECURED LOANS		
Foreign Currency Loan	**59.54**	58.53
Rupee Loan	**—**	6.00
	175.41	145.89

WORKING CAPITAL LOANS

Working Capital Loans from Banks are secured by hypothecation of current assets including receivables & inventories, both present & future, ranking first pari-passu charge basis among Axis Bank Limited, Citibank N.A., DBS Bank Limited, HDFC Bank Limited, IDBI Bank Limited, Kotak Mahindra Bank Limited, Standard Chartered Bank, State Bank of Hyderabad, State Bank of India, State Bank of Patiala, The Hongkong & Shanghai Banking Corporation Limited and Yes Bank Limited.

Security Details of Current Year:

— State Bank of India for Working Capital of Rs.14.00 Crores & Non-Funded Rs.1.00 Crore: First pari-passu charge on all the current assets of the Company including all types of Stocks of raw material, stores, spares, stock-in-process, finished goods etc, lying in their premises, godowns, elsewhere including goods in transit and Company's book debts/receivables, both present and future.

— IDBI Bank Limited for Working Capital of Rs.20.00 Crores & Non-Funded Rs.5.00 Crores: First pari-passu charge on the entire current assets of the Company in the form of stock of raw materials, packaging materials, stock-in-process, finished goods, stores and consumables & receivables.

— HDFC Bank Limited for Working Capital of Rs.10.00 Crores: Hypothecation of Company's entire current assets including inventories, book debts both present and future.

— The Hongkong and Shanghai Banking Corporation Limited for Working Capital of Rs.20.00 Crores: First pari-passu charge on currents assets of the Company.

— Yes Bank Limited for Working Capital of Rs.5.00 Crores: First pari-passu charge on current assets of the Company.

— Citibank N.A. for Working Capital of Rs.12.54 Crores & Non-Funded Rs.1.36 Crores: First pari-passu charge on all present and future book debts and stocks of the Company.

— Standard Chartered Bank for Working Capital of Rs.41.20 Crores: First pari-passu charge on stock and book debts of the Company.

— DBS Bank Limited for Working Capital of Rs.10.00 Crores: First pari-passu charge on stock and book debts of the Company.

— State Bank of Patiala for Working Capital of Rs.30.00 Crores & Non-Funded Rs. 20.00 Crores: First charge over current assets of the Company ranking pari-passu basis with other lenders, both present & future.

— Kotak Mahindra Bank Limited for Working Capital of Rs.2.00 Crores: First charge on all existing and future current assets of the Company.

— State Bank of Hyderabad for Working Capital of Rs.5.00 Crores: First charge over current assets of the Company, both present and future, ranking pari-passu basis with other lenders.

— Axis Bank Limited for Non-Funded limits of Rs.25.00 Crores: First pari-passu charge on current assets of the Company.

NOTES TO FINANCIAL STATEMENTS (Contd.)

Security Details of Previous Year:

— State Bank of India for Working Capital of Rs.14.00 Crores & Non-Funded Rs.1.00 Crore: First pari-passu charge on all the current assets of the Company including all types of Stocks of raw material, stores, spares, stock-in-process, finished goods etc, lying in their premises, godowns, elsewhere including goods in transit and Company's book debts/receivables, both present and future.

— IDBI Bank Limited for Working Capital of Rs.20.00 Crores & Non-Funded Rs.5.00 Crores: First pari-passu charge on the entire current assets of the Company in the form of stock of raw materials, packaging materials, stock-in-process, finished goods, stores and consumables & receivables.

— HDFC Bank Limited for Working Capital of Rs.10.00 Crores: Hypothecation of Company's entire current assets including inventories, book debts both present and future.

— The Hongkong and Shanghai Banking Corporation Limited for Working Capital of Rs.20.00 Crores: First pari-passu charge on currents assets of the Company.

— Yes Bank Limited for Working Capital of Rs.5.00 Crores: First pari-passu charge on current assets of the Company.

— Citibank N.A. for Working Capital of Rs.12.54 Crores & Non-Funded Rs.1.36 Crores: First pari-passu charge on all present and future book debts and stocks of the Company.

— Standard Chartered Bank for Working Capital of Rs.41.20 Crores: First pari-passu charge on stock and book debts of the Company.

— DBS Bank Limited for Working Capital of Rs.10.00 Crores: First pari-passu charge on stock and book debts of the Company.

— State Bank of Patiala for Working Capital of Rs.30.00 Crores & Non-Funded Rs. 20.00 Crores: First charge over current assets of the Company ranking pari-passu basis with other lenders, both present & future.

— Kotak Mahindra Bank Limited for Working Capital of Rs.2.00 Crores: First charge on all existing and future current assets of the Company.

— State Bank of Hyderabad for Working Capital of Rs.5.00 Crores: First charge over current assets of the Company, both present and future, ranking pari-passu basis with other lenders.

— Axis Bank Limited for Non-Funded limits of Rs.25.00 Crores: First pari-passu charge on current assets of the Company.

OTHER LOANS

Security Details of Current Year:

Other Loans from Banks and Companies are secured against hypothecation of the vehicles financed.

Security Details of Previous Year:

Other Loans from Banks and Companies are secured against hypothecation of the vehicles financed.

UNSECURED LOANS

Security Details of Current Year:

Unsecured Foreign Currency Loans are Buyers' Credit Facility taken from various Banks located outside India under secured Non-Funded Facilities sanctioned and guaranteed by Banks in India viz. Axis Bank Limited, DBS Bank Limited, IDBI Bank Limited, State Bank of Patiala, Standard Chartered Bank and Yes Bank Limited. It also includes a Packing Credit Foreign Currency Facility of Rs.40.00 Crores with sub limits of INR facility of Rs.30.00 Crores of Kotak Mahindra Bank Limited.

Security Details of Previous Year:

Unsecured Foreign Currency Loans are Buyers' Credit Facility taken from various Banks located outside India under secured Non-Funded Facilities sanctioned and guaranteed by Banks in India viz. Axis Bank Limited, DBS Bank Limited, State Bank of Patiala, Standard Chartered Bank and Yes Bank Limited. It also includes a Packing Credit Foreign Currency Facility of Rs.30.00 Crores with sub limits of INR facility of Rs.20.00 Crores of Kotak Mahindra Bank Limited.

NOTES TO FINANCIAL STATEMENTS (Contd.)

	As at March 31, 2012 (Rs. in Crores)	As at March 31, 2011 (Rs. in Crores)
Note 10 – TRADE PAYABLE		
Due to Micro & Medium Enterprises (Refer Note No. 38)	**2.13**	4.10
Trade Payables		
Other than Acceptances	**83.83**	135.47
Acceptances	**40.95**	38.89
Bonus Payable	**0.07**	0.10
Due to related parties (Refer Note No. 33)	**15.96**	—
Others	**6.18**	4.07
	149.12	182.63
Note 11 – OTHER CURRENT LIABILITIES		
Current Maturities of Long-Term Debts (Refer Note No. 5 for secutity and re-payment schedule)		
Foreign Currency Loan	**14.80**	1.85
Rupee Loan	**66.31**	60.69
Interest accrued but not due	**1.78**	1.67
Unclaimed Dividends	**0.36**	0.37
Income Tax deducted at source payable	**1.40**	1.19
Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax etc.)	**2.96**	2.62
Payable on purchase of fixed assets	**11.98**	8.33
Employee Benefits Payable	**6.00**	6.47
Interest Payable	**1.80**	1.94
Security Deposits	**1.97**	1.88
Advance From Customers	**9.67**	25.26
Other Liabilities	**0.63**	1.07
	119.66	113.34
Note 12 – SHORT TERM PROVISIONS		
Provision for Bonus	**1.62**	1.82
Provision for Gratuity	**2.20**	2.22
Dividend	**2.03**	2.71
Provision for Corporate Dividend Tax	**0.33**	0.44
Fair Valuation of Forward Contracts/Derivative Liabilities	**—**	0.02
	6.18	7.21

NOTES TO FINANCIAL STATEMENTS (Contd.)

Note 13 – FIXED ASSETS

TANGIBLE ASSETS

(Rs. in Crores)

Particulars	Cost as on 31.03.2011	GROSS BLOCK: Addition During the Year	Sale/Trf. During the Year	Effect of Foreign Curr. Exch. Diff.	Borrowing Cost Capitalised	Inter-unit Transfer Addition	Inter-unit Transfer Sale	Total Cost as on 31.03.2012	DEPRECIATION: Up to 31.03.2011	For The Year	On Sale/ Transfer	Inter-unit Transfer Add/Dep	Inter-unit Transfer Sale/Dep	Up to 31.03.2012	NET BLOCK: As on 31.03.2012	As on 31.03.2011
LAND																
(a) Freehold	10.04	6.30	—	—	0.00	—	—	16.34	—	—	—	—	—	—	16.34	10.04
(b) Leasehold	16.92	0.00	—	—	—	—	—	16.92	0.37	0.13	—	—	—	0.50	16.42	16.55
BUILDINGS	80.79	6.11	—	—	0.10	3.56	3.56	87.00	18.22	2.70	—	0.64	0.64	20.92	66.08	62.57
FURNITURE & FIXTURES	4.64	0.45	—	—	—	—	—	5.09	3.44	0.26	—	—	—	3.70	1.39	1.20
PLANT & EQUIPMENT	678.85	26.11	22.17	4.97	0.42	73.24	73.24	688.18	304.15	50.29	5.21	24.90	24.90	349.23	338.95	374.70
OFFICE EQUIPMENT	19.78	1.96	0.35	—	—	—	—	21.39	14.88	1.35	0.33	—	—	15.90	5.49	4.90
VEHICLES	13.60	2.54	2.24	—	—	0.28	0.28	13.90	8.69	1.47	1.65	0.17	0.17	8.51	5.39	4.91
TOTAL	824.62	43.47	24.76	4.97	0.52	77.08	77.08	848.82	349.75	56.20	7.19	25.71	25.71	398.76	450.06	474.87
INTANGIBLE ASSETS																
COMPUTER SOFTWARE	8.75	0.70	0.00	0.00	0.00	0.00	0.00	9.45	8.07	0.15	0.00	0.00	0.00	8.22	1.23	0.68
SUB TOTAL	8.75	0.70	0.00	0.00	0.00	0.00	0.00	9.45	8.07	0.15	0.00	0.00	0.00	8.22	1.23	0.68
TOTAL CURRENT YEAR	833.37	44.17	24.76	4.97	0.52	77.08	77.08	858.27	357.82	56.35	7.19	25.71	25.71	406.98	451.29	475.55
PREVIOUS YEAR FIGURES	803.74	49.15	20.76	0.62	0.62	15.21	15.21	833.37	306.80	53.94	2.92	4.69	4.69	357.82	475.55	496.94
CAPITAL WORK - IN - PROGRESS																
Capital Work - in - progress															67.84	59.77

Note: Lease hold land includes Rs. 16.92 Crores (Gross) of lands situated at Bhiwadi (Rajasthan), Oragadam (Chennai) and Singur (West Bengal) (Previous year Rs. 16.92 Crores).

NOTES TO FINANCIAL STATEMENTS (Contd.)

	As at March 31, 2012 (Rs. in Crores)	As at March 31, 2011 (Rs. in Crores)
Note 14 – INVESTMENTS (Non Current)		
Long Term Investment (AT COST) – Unquoted		
Trade – (Fully Paid-up) – Under the Same Management		
Investments in Equity Instrument		
Rico Auto Industries Inc., USA (100% Subsidiary of the Company) 2,500 Equity Shares of US$ 10/- each (Previous year 2,500 Equity Shares of US$ 10/- each)	**0.12**	0.12
Rico Auto Industries (UK) Limited, U.K. (100% Subsidiary of the Company) 20,000 Equity Shares of GBP 1/- each (Previous year 20,000 Equity Shares of GBP 1/- each)	**0.17**	0.17
Rasa Autocom Limited (100% Subsidiary of the Company) 75,000 Equity Shares of Rs.10/- each (Previous year 75,000 Equity Shares of Rs.10/- each)	**0.08**	0.08
Uttarakhand Automotives Limited (100% Subsidiary of the Company) 4,10,000 Equity Shares of Rs.10/- each (Previous year 4,10,000 Equity Shares of Rs.10/- each)	**0.41**	0.41
RAA Autocom Limited (100% Subsidiary of the Company) 50,000 Equity Shares of Rs.10/- each (Previous year 50,000 Equity Shares of Rs.10/- each)	**0.05**	0.05
AAN Engineering Industries Limited (100% Subsidiary of the Company) 50,000 Equity Shares of Rs.10/- each (Previous year Nil)	**0.05**	—
Rico Jinfei Wheels Limited (92.50% Subsidiary of the Company) 92,50,000 Equity Shares of Rs.10/- each (Previous year 92,50,000 Equity Shares of Rs.10/- each)	**9.25**	9.25
FCC Rico Limited (50% Joint Venture of the Company) 39,49,994 Equity Shares of Rs.10/- each (Previous year 39,49,994 Equity Shares of Rs.10/- each)	**3.95**	3.95
Continental Rico Hydraulic Brakes India Private Limited (50% Joint Venture of the Company) (Previous year 5,06,50,000 Equity Shares of Rs.10/- each) (Refer Note No. 45)	**—**	50.65
Magna Rico Powertrain Private Limited (50% Joint Venture of the Company) 1,71,20,000 Equity Shares of Rs.10/- each (Previous year 1,36,20,000 Equity Shares of Rs.10/- each)	**17.12**	13.62
KRP Auto Industries Limited (99.95% Joint Venture & Subsidiary of the Company) (Previous year 4,75,680 Equity Shares of Rs.100/- each) (Refer Note No. 44)	**—**	20.30
	31.20	98.60
Aggregate Value:		
1. Cost of Quoted Investments	**—**	—
2. Market Value of Quoted Investments	**—**	—
3. Cost of Unquoted Investments	**31.20**	98.60

NOTES TO FINANCIAL STATEMENTS (Contd.)

	As at March 31, 2012 (Rs. in Crores)	As at March 31, 2011 (Rs. in Crores)
Note 16 – LONG TERM LOANS AND ADVANCES		
a) Capital Advances		
Unsecured considered good	**10.02**	9.57
Less : Provision for doubtful advances	**(0.17)**	(0.17)
b) Security Deposits		
Unsecured considered good	**4.57**	4.10
c) Loans and Advances to Related Parties		
Unsecured considered good		
i) Rico Jinfei Wheels Limited - Joint Venture & Subsidiary Company	**38.33**	25.92
ii) Uttrakhand Automotives Private Limited - Subsidiary Company	**20.62**	18.29
iii) Raa Autocom Limited - Subsidiary Company	**1.60**	4.60
iv) Rasa Autocom Limited - Subsidiary Company	**12.12**	14.02
d) Loans and Advances to Employees		
Unsecured considered good	**0.56**	0.49
e) MAT Credit Receivable	**1.45**	1.45
f) Prepaid	**0.03**	0.01
g) Others	**0.15**	0.23
	89.28	78.51
Note 17 – OTHER NON CURRENT ASSETS	**—**	—
Note 18 – INVENTORIES		
(As valued and certified by the Management - Cost or Realisable Value whichever is less)		
Stores & Spares (At Cost)	**39.94**	40.17
Raw Material & Components (At Cost)	**17.60**	22.17
Goods-in-Transit Raw Material & Components (At Cost)	**0.05**	0.03
Work-in-process (At Cost)	**34.12**	37.54
Finished Goods (At Cost or Realisable Value whichever is less)	**2.10**	0.11
Goods-in-Transit Finished Goods (At Cost or Realisable Value whichever is less)	**2.07**	2.18
	95.88	102.20
Note 19 – TRADE RECEIVABLE		
Unsecured considered good		
Outstanding for a period exceeding six months from the date they were due for payment	**1.86**	1.59
Other debts	**167.13**	140.72
	168.99	142.31
Note 20 – CASH AND CASH EQUIVALENTS		
Balances with Banks		
a) In Current Accounts	**1.88**	13.46
b) In Dividend Accounts	**0.36**	0.37
Cash on hand	**0.37**	0.20
	2.61	14.03

NOTES TO FINANCIAL STATEMENTS (Contd.)

	As at March 31, 2012 (Rs. in Crores)	As at March 31, 2011 (Rs. in Crores)
Note 21 – SHORT TERM LOANS & ADVANCES		
a) Security Deposits	—	—
b) Inter Corporate Deposits	**10.00**	10.00
c) Others:		
Loans & Advance to Employee	**0.78**	0.94
Advance to Suppliers	**23.43**	16.57
Advance from Related Parties	—	13.49
Advance Income Tax (Net)	**7.26**	6.63
Prepaid Expenses	**1.53**	1.55
Balance with Statutory/Government Authorities		
Service Tax	**1.83**	2.68
Excise Duty	**12.92**	13.01
Sales Tax	**0.03**	0.07
Export Incentive	**5.74**	3.72
Others	**8.92**	12.00
	72.44	80.66
Note 22 – OTHER CURRENT ASSETS		
Interest accured on Electricity Security	**0.15**	0.15
Insurance Claim Receivables	**0.22**	0.69
	0.37	0.84

	Year ended March 31, 2012 (Rs. in Crores)	Year ended March 31, 2011 (Rs. in Crores)
Note 23 – REVENUE FROM OPERATIONS		
Sales	**1177.16**	1040.87
Job work	**0.02**	0.06
Sale of Products	**1177.18**	1040.93
Other Operating Revenues		
Sale of Services - Support Services	**10.58**	8.90
Sales - Scrap	**3.42**	10.91
Miscellaneous Sales	**3.56**	4.11
Duty Draw Back & Other Export Incentives	**6.71**	2.46
	1201.45	1067.31
Detail of Finished Product Sold		
Auto Parts - Aluminium	**887.58**	784.20
Auto Parts - Ferrous	**281.60**	251.96
Dies & Moulds	**7.98**	4.71
Other Products	**0.02**	0.06
	1177.18	1040.93

NOTES TO FINANCIAL STATEMENTS (Contd.)

	Year ended March 31, 2012 (Rs. in Crores)	Year ended March 31, 2011 (Rs. in Crores)
Note 24 – OTHER INCOME		
Interest Income	**11.99**	8.12
Dividend Income from Long Term Investments in Joint Venture	**2.96**	4.78
Net Gain on Foreign Currency Transactions and Translation	**6.40**	—
Rental Income from Operating Lease	**2.09**	2.74
Prior Period Items (Net)	**0.27**	0.10
Miscellaneous Income	**0.04**	2.16
VAT Concession	**0.75**	—
	24.50	17.90
Note 25 – COST OF MATERIAL CONSUMED		
Raw Material & Components (Refer Note No. 39)		
Opening Stock	**22.17**	19.13
Add : Purchase during the year	**658.32**	582.14
Less : Closing Stock	**17.60**	22.17
Raw Material & Components Consumed	**662.89**	579.10
Detail of Raw Material & Components Consumed		
Aluminium Alloy	**227.05**	212.80
Pig Iron & Steel Scrap	**68.67**	65.28
Other Materials & Components	**367.17**	301.02
Total	**662.89**	579.10
Detail of Inventory Raw Material & Components		
Aluminium Alloy	**3.37**	4.25
Pig Iron & Steel Scrap	**3.94**	6.22
Other Materials & Components	**10.29**	11.70
Total	**17.60**	22.17
Note 26 – CHANGE IN INVENTORY		
a) Work-in-Process		
Opening Stock	**37.54**	31.97
Closing Stock	**34.12**	37.54
	3.42	(5.57)
b) Finished Goods		
Opening Stock	**2.29**	0.89
Closing Stock	**4.17**	2.29
	(1.88)	(1.40)
Note 27 – EMPLOYEE BENEFIT EXPENSES		
Salaries & Wages (Refer Note No. 32)	**132.96**	121.47
Contribution to Provident & Other Funds	**5.61**	4.88
Staff Welfare Expenses	**3.78**	3.36
	142.35	129.71
Note 28 – FINANCE COST		
a) Interest expenses on		
i) Borrowings	**29.54**	26.01
ii) Trade Payables	**4.88**	1.01
b) Other borrowing costs	**25.92**	24.75
c) Net (Gain)/Loss on Foreign Currency Transactions and Translation	**7.53**	(0.15)
Total Financial Charges	**67.87**	51.62

NOTES TO FINANCIAL STATEMENTS (Contd.)

	As at March 31, 2012 (Rs. in Crores)	As at March 31, 2011 (Rs. in Crores)
Note 29 – OTHER EXPENSES		
Consumption of Stores & Spare Parts		
Mechanical Spares Consumed	**14.40**	12.17
Electrical Spares Consumed	**5.75**	4.83
Consumable Tools Consumed	**18.46**	20.92
Others Stores & Spares Consumed	**27.38**	25.54
Power & Fuel	**81.05**	79.62
Rent	**0.28**	0.24
Repairs and Maintenance - Buildings	**2.03**	1.17
Repairs and Maintenance - Machinery	**4.21**	3.33
Repairs and Maintenance - Others	**2.29**	2.25
Insurance	**1.73**	1.07
Rates & Taxes	**1.47**	1.42
Directors' Sitting Fees	**0.07**	0.03
Commission to Directors	**0.11**	0.10
Travelling & Conveyance	**2.98**	2.75
Payment to Auditors*	**0.18**	0.18
Advertisement & Publicity	**0.28**	0.28
Sales Promotion	**0.50**	0.20
Charity & Donation	**0.17**	0.24
Professional Charges	**3.36**	2.61
Vehicle Expenses	**3.62**	3.04
Printing & Stationery	**0.77**	0.75
Communication Expenses	**1.06**	0.92
Freight Outward Expenses	**16.08**	18.25
Staff Recruitment & Training	**0.77**	0.54
D.G.Hire Charges	**0.11**	0.16
Membership & Subscription	**0.05**	0.06
Electricity Expenses	**0.05**	0.16
Meeting Expenses	**0.01**	0.01
Testing Charges	**0.11**	0.05
Line Rejection, Re-work & Warranty Claim	**5.08**	3.86
Balance Written Off	**0.18**	0.19
Foreign Exchange Fluctuation	**—**	1.17
Prior Period Items (Net)	**0.47**	0.42
Miscellaneous Expenses	**0.08**	0.15
	195.14	188.68
Note: *Payment to the Auditors comprises :		
As Auditors - Statutory Audit	**0.11**	0.11
For Taxation Matters	**0.04**	0.04
For Other Services	**0.01**	0.02
Reimbursement of Expenses	**0.02**	0.01
	0.18	0.18
Note 30 – EXCEPTIONAL ITEMS		
Loss/(Profit) on Sale of Assets	**4.85**	(19.11)
Loss on Sale of Investments	**6.39**	—
Received Rs.48,61,06,000 (EUR 74,00,000 @ Rs.65.69) on account of disposal of investment in Continental Rico Hydraulic Brakes India Pvt. Ltd. of Rs. 55,00,00,000 (5,50,00,000 Equity Shares @ Rs.10/- each)		
	11.24	(19.11)

NOTES TO FINANCIAL STATEMENTS (Contd.)

Note 31 – The Profit & Loss Account of the Company includes Net Loss of Rs.1.13 Crores (Previous year Net Loss of Rs.1.02 Crores) on account of Foreign Exchange Fluctuation, details of the same are stated as below:

(Rs. in Crores)

Particulars	Current Year	Previous Year
Profit/Loss earned on Imports (Net)	**(0.62)**	(2.79)
Profit/(Loss) recognized on Exports (Net)	**7.66**	1.23
Profit/(Loss) on Buyers' Credits & Forward Contracts	**(2.73)**	(0.12)
Profit/(Loss) earned on Foreign Currency Loan	**(5.44)**	0.66
Total Amount (Net)	**(1.13)**	(1.02)

Note 32 – The tables set out the fund status of the gratuity plan and leave encashment amounts recognised in the Company's financial statements as at 31st March, 2012:

		Current Year Gratuity Plan	Previous Year Gratuity Plan	Current Year Leave Encashment Plan	Previous Year Leave Encashment Plan
	Particulars	**(Rs.)**	(Rs.)	**(Rs.)**	(Rs.)
I)	**Change in Benefit Obligations**				
	A. Present Value of Obligation as on 01.04.2011	**82348000**	64043000	**33274000**	27292000
	B. Current Service Cost	**9054000**	7454000	**10690000**	8939000
	C. Interest Cost	**6507000**	5150000	**2563000**	2164000
	D. Actuarial (Gain)/Loss	**13349473**	9682191	**(272269)**	(2684806)
	E. Benefits Paid	**7911473**	3981191	**4791731**	2436194
	F. Present Value of Obligation as on 31.03.2012 (F=A+B+C+D–E)	**103347000**	82348000	**41463000**	33274000
II)	**Change in Plan Assets**				
	A. Fair Value of Plan Assets, opening as on 01.04.2011	**45500780**	45111467	**25466045**	21981223
	B. Expected return on Plan Assets	**4691000**	4004000	**2286000**	2103000
	C. Employer's Contributions	**10467208**	333920	**4389550**	3949682
	D. Benefits Paid	**7911473**	3981191	**4791731**	2436194
	E. Acturial Gain	**66337**	32584	**(58371)**	(131666)
	F. Fair Value of Plan Assets, closing as on 31.03.2012 (F=A+B+C–D+E)	**52813852**	45500780	**27291493**	25466045
III)	**Net Liability/(Assets) (I-II)**	**50533148**	36847220	**14171507**	7807955
IV)	**Net Gratuity/Leave Cost for the year ended March 31, 2012**				
	A. Current Service Cost	**9054000**	7454000	**10690000**	8939000
	B. Interest Cost	**6507000**	5150000	**2563000**	2164000
	C. Expected returns on Plan Assets	**(4691000)**	(4004000)	**(2286000)**	(2103000)
	D. Actuarial Gain recognised in the year	**13283136**	9649607	**(213898)**	(2553140)
	E. Net Gratuity/Leave Cost (E=A+B+C+D)	**24153136**	18249607	**10753102**	6446860
V)	**Category of Assets as at March 31, 2012**				
	Insurer Managed Funds	**52813852**	45500780	**27291493**	25466045
VI)	**Principal Actuarial Assumptions**				
	Particulars	**Rate (%)**	Rate (%)	**Rate (%)**	Rate (%)
	A. Discount Rate	**8.70**	8.30	**8.70**	8.30
	B. Salary Escalation Rate	**6.00**	5.00	**6.00**	5.00
	C. Expected Rate of return on Plan Assets	**9.25**	9.25	**9.25**	9.25

NOTES TO FINANCIAL STATEMENTS (Contd.)

Note 33 – RELATED PARTY DISCLOSURES

A. Related Parties where control exists

Name of the Related Parties	Description of Relationship
Rico Auto Industries Inc.	Subsidiary
Rico Auto Industries (UK) Limited	Subsidiary
Rasa Autocom Limited	Subsidiary
Uttarakhand Automotives Limited	Subsidiary
RAA Autocom Limited	Subsidiary
AAN Engineering Industries Limited	Subsidiary
Rico Jinfei Wheels Limited	Joint Venture & Subsidiary
FCC Rico Limited	Joint Venture
Magna Rico Powertrain Private Limited	Joint Venture
Rico Castings Limited	Directors Interested
Octan Media Limited	Directors Interested
Kapbros Engineering Industries Limited	Directors Interested
Kapsons Associates Investments Private Limited	Directors Interested
Higain Investments Private Limited	Directors Interested
Raasaa Retail Private Limited	Directors Interested
Haridwar Estates Private Limited	Directors Interested

B. Key Management Personnel

Details of Key Managerial Personnel are as under:

i) Shri Arvind Kapur – Vice Chairman, CEO & Managing Director

ii) Shri Arun Kapur – Joint Managing Director

C. Transactions between the Related Parties

(Rs. in Crores)

Name	FCC Rico Limited	Rico Auto Industries Inc., USA	Rico Auto Industries (UK) Limited, U.K.	Kapsons Associates Investments Private Limited	Rico Castings Limited	Kapbros Engineering Industries Limited	Haridwar Estates Private Limited	KRP Auto Industries Limited	Rico Jinfei Wheels Limited	Continental Rico Hydraulic Brakes India Private Limited	Magna Rico Powertrain Private Limited	Rasa Autocom Limited	RAA Autocom Limited	AAN Engineering Industrial	Uttarakhand Automotives Limited	All Directors
Nature of Relationship	Joint Venture	Wholly Owned Subsidiary	Wholly Owned Subsidiary	Directors Interested	Directors Interested	Directors Interested	Directors Interested	Joint Venture & Subsidiary	Joint Venture & Subsidiary	Joint Venture	Joint Venture	Wholly Owned Subsidiary	Wholly Owned Subsidiary	Wholly Owned Subsidiary	Wholly Owned Subsidiary	Key Managerial Personnel
Goods Purchased	12.63	—	—	—	50.76	0.00	—	—	0.79	—	0.00	19.71	—	—	—	—
Goods Sold	69.37	88.99	52.10	—	0.75	0.09	—	—	0.38	4.11	1.67	3.21	—	—	—	—
Purchase of Machineries	—	—	—	—	0.21	—	—	—	—	—	0.17	7.69	4.30	—	—	—
Sale of Machineries	—	—	—	—	—	15.35	—	—	—	—	—	2.76	—	—	—	—
Miscellaneous Sales	—	—	—	—	—	0.25	—	—	—	—	—	—	—	—	—	
Job Work Expenses	—	—	—	—	—	14.89	—	—	0.89	—	—	—	—	—	—	—
Job Work Income Received	0.01	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Rent Received	—	—	—	—	—	—	—	—	—	1.75	0.08	—	—	0.10	—	—
Loan received back during the year	—	—	—	—	—	—	—	—	22.03	—	—	15.15	—	—	—	—
Investment in Joint Venture Company/ Subsidiaries	—	—	—	—	—	—	—	—	—	4.35	3.50	—	—	0.05	—	—
Investment Wo/ff during the year	—	—	—	—	—	—	—	20.30	—	55.00	—	—	—	—	—	—
Admin. Finance Production Support Service	11.45	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Rent Paid	—	—	—	0.35	—	—	—	—	—	—	—	—	—	—	—	—
Loan given during the year	—	—	—	—	—	—	0.70	—	34.44	—	—	13.25	1.30	0.14	2.33	—
Loan outstanding (Interest bearing)	—	—	—	—	—	—	—	—	38.33	—	—	12.12	1.60	0.14	20.62	—
Interest Received on Loan	—	—	—	—	—	—	—	—	4.09	—	—	2.20	0.55	0.00	2.40	—
Dividend Received	2.96	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Guarantees given	—	—	—	—	—	—	—	—	10.00	—	—	43.00	—	—	—	—
Remuneration, Sitting Fee / Commission	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	5.24
Investments Balance As on 31.03.2012	3.95	0.12	0.17	—	—	—	—	—	9.25	—	17.12	0.08	0.05	0.05	0.41	—
Balance as on 31.03.2012 – Recoverable	10.80	27.71	21.32	—	3.55	—	9.37	—	38.33	6.81	0.57	18.21	1.60	0.23	20.62	—
Balance as on 31.03.2012 – Payable	—	—	—	—	—	0.22	—	—	1.29	—	0.15	7.64	—	—	—	—

NOTES TO FINANCIAL STATEMENTS (Contd.)

Note 34 – Earning Per Share (EPS) – The numerators and denominators used to calculate Basic and Diluted Earnings Per Share:

Particulars		Year ended March 31, 2012	Year ended March 31, 2011
Net Profit after Income Tax (Rs. in Crores)	(A)	**(3.94)**	26.51
No. of Equity Shares (Weighted average)			
– Basic	(B)	**13,52,85,000**	13,03,34,781
– Diluted/Adjusted	(C)	**13,52,85,000**	13,52,85,000
Nominal Value per Equity Share (Rupee)		**1**	1
Earning Per Share before extra ordinary items (Rupee)			
– Basic	(A)/(B)	**(0.29)**	2.03
– Diluted/Adjusted	(A)/(C)	**(0.29)**	1.96
Earning Per Share after extra ordinary items (Rupee)			
– Basic	(A)/(B)	**(0.29)**	2.03
– Diluted/Adjusted	(A)/(C)	**(0.29)**	1.96

Note 35 – Deferred Tax (Assets)/Liabilities of Rs.3.59 Crores [Previous year Assets Rs.(0.87) Crore] for the current year has been charged to current year's profit. Deferred Tax (Assets)/Liabilities is mainly on account of timing difference in depreciation. The component of Deferred Tax (Assets)/Liabilities are as under:

(Rs. in Crores)

Particulars	Current Year	Previous Year
Deferred Tax on Depreciation difference	**(1.08)**	(1.00)
Current Year Loss		0.78
Tax Paid under MAT	**(3.39)**	0.00
Reversal of Deferred Tax Assets	**8.58**	0.00
Gratuity payable	**(0.42)**	(0.58)
Leave Encashment provision	**(0.20)**	(0.08)
Bonus	**0.10**	0.01
Deferred Tax (Assets)/liability	**3.59**	(0.87)

During the year, the Company has sold its investments and as per Income Tax Act, long term & short term capital loss of Rs.21.34 Crores has to be carried forward for setoff from gain in future. As per AS-22 "Accounting of Taxes on Income" Deferred Tax Asset has to be created on above timing difference, but due to virtual uncertainty of reversal of this deferred tax asset, the Company has not charged deferred tax asset in the books.

Note 36 – CONTINGENT LIABILITIES AND COMMITMENTS

I) Contingent Liabilities

Claims against the Company/disputed liabilities not acknowledged as debts

(Rs. in Crores)

	Particulars	Year ended March 31, 2012	Year ended March 31, 2011
i)	Excise Duty	**4.71**	4.41
ii)	Service Tax	**4.50**	1.38
iii)	Income tax demands	**4.73**	11.15
iv)	Sales tax/VAT	**0.43**	6.54
v)	LADT	**0.01**	0.01
vi)	Dakshin Haryana Bijili Vitran Nigam	**5.60**	—

i) In relation to 36(I)(i) above Excise Duty cases contested by the Company comprise of:

Show Cause Notice has been received from Assistant Commissioner of Central Excise on dated 23rd August, 2007 in respect of claim of cenvat on roof ventilator, evaporating cooling machine etc. appeal rejected by Commissioner Central Excise.

NOTES TO FINANCIAL STATEMENTS (Contd.)

Appeal filed to CEATAT for fresh decision on dated 28th April, 2009. The amount involved is Rs.0.39 Crore (Previous year Rs.0.37 Crore).

Show Cause Notice received from Commissioner of Central Excise on dated 16th March, 2004. Disallowed the cenvat credit on the basis of sub heading by the Commissioner of Central Excise. The amount involved is Rs.1.91Crores (Previous year Rs.1.74 Crores).

SCN No. V (87) 15 CE-Adj/D-III/Com/161/07 dated 09.09.2008 issued by Commissioner, (Central Excise Delhi- III) office of Commissioner Central Excise, Delhi III Udyog Vihar, Gurgaon (Case: Removal of dies under Rule 67/95 without payment of Duty). The Commissioner passed the order dated 15th September, 2008 demanding excise duty of Rs.0.75 Crore on dies sent on job work, penalty equal to the amount of duty i.e. Rs.0.75 Crore along with interest at the applicable rates and a fine of Rs.10.00 lacs on the dies released provisionally. Stay application was filed with the Tribunal. The amount involved is Rs.2.26 Crores (Previous year Rs.2.16 Crores).

Modvat of Central Excise duty on purchase of raw material from M/s Agsons Agencies (India) Private Limited has been denied by the Central Excise Authority for wrong description of material & tariff. No. The Addl. Commissioner, Central Excise, Delhi vide Order No. 04/4039 dated 28.03.2007 had dropped the proceedings & the case was decided in our favour. Appeal No. E/2191/2008 dated 29.07.2008 in CESTAT filed by CCE, Delhi III, Guragon against the order passed in favour of Rico (Case: Agsons Agencies) The amount involved is Rs.0.14 Crore (Previous Year Rs.0.13 Crore).

(ii) In relation to 36(I)(ii) above Service Tax cases disputed by the Company comprise of:

Show Cause Notice has been received from Addl. Commissioner of Central Excise on dated 23rd August, 2007 in respect of claim of cenvat on out ward freight for the period 2005-06 to 2006-07. Demand confirmed by Joint Commissioner Central Excise, and again appeal filed to Commissioner of Central Excise for fresh decision on dated 2nd June, 2008. The amount involved is Rs.0.21Crore (Previous year Rs.0.20 Crore).

Show Cause Notice has been received from Joint Commissioner of Central Excise on dated 11th November, 2008 in respect of claim of cenvat on CHA & Courier Export related services for the period 2004-05 to 2007-08. Demand confirmed by the Commissioner Central Excise against appeal filed and again appeal filed to CESTAT for fresh decision on dated 2nd July, 2010. The amount involved is Rs.1.26 Crores (Previous year Rs.1.18 Crores).

Show Cause Notice has been received from Addl. Commissioner of Central Excise on dated 17th January, 2011 in respect of claim of cenvat on insurance, ctering, tent house and taxi & travels for the period 2010-11. Demand confirmed by joint commissioner, against reply filed. Appeal filed before the Commissioner of Central Excise (Appeals) Delhi-III, Gurgaon on 31.01.2012. The amount involved is Rs.0.35 Crore (Previous year Rs.Nil).

Show cause notice has been received from Addl. Commissioner of Central Excise on dated 28th July, 2010 in respect of claim of cenvat on Constraction & other repair & maintenance service for the period 2005-06 to 2010-11. Demand confirmed by Commissioner of Central Excise, Delhi-III, Gurgaon. Pending for appeal filing to CESTAT. The amount involved is Rs.1.81 Crores (Previous year Rs.Nil).

Show Cause Notice issued to Rico under Rule 14&15 of Cenvat Credit on Service Tax for denial of Cenvat Credit for indirect/direct services related to business. Dy. Commissioner Division-5 Central Excise disallowed the amount of Rs.0.06 Crore. Rico appeal Commissioner Appeal Central Excise, Delhi-III, Gurgaon. Appeal is decided on 30.03.2012 in which Rs.0.05 Crore allowed on services & few services related to building repair & foundation of machinery, repair of vehicle etc. for Rs.0.01 Crore disallowed for which we are filling appeal in Tribunal Appeal to be filed upto 12.06.2012.

Show Cause Notice issued to Rico under Rule 2(1) of Cenvat Credit Rule 2004 for denial of input credit for direct/indirect services, Additional Commissioner Excise Delhi-III disallowed Rs.0.39 Crore Credit & Imposed Penalty of Rs.0.39 Crore & Interest Rs.0.09 Crore (provisional up to March,12). Rico is filling appeal against this order before Commissioner Appeal Delhi-III, Gurgaon, Last date for appeal on 12.06.2012 so we will submit appeal before due date.

(iii) In relation to 36(I)(iii) above Income Tax cases disputed by the Company comprise of:

Income Tax TDS department has raised demand for Rs.11.15 Crores upto previous year and Rs.0.70 Crore during current year. These demands pertain to technical error on account of recent e-governance system of Income Tax department. We have rectified TDS Returns for Rs.11.15 Crores and NIL Orders have been received for Rs.7.31 Crores till 31.3.2012. For remaining amount of Rs.4.54 Crores demand, the cases are in process and will be settled favourably as above and so no provision has been considered necessary.

A demand u/s 156 of the Income Tax Act,1961 for the assessment year 2005-06 for Rs.0.17 Crore out of which 50% demand was paid i.e. Rs.0.08 Crore issued to us, in relation to disallowance u/s 14A with respect to Rule 8D of Income Tax Rules, 1962 amounting to Rs.0.26 Crore. The appeal was filed in December, 2011 to the Commissioner of Income Tax (Appeals)-I/II, Ludhiana.

A demand u/s 156 of the Income Tax Act,1961 for the assessment year 2008-09 for Rs.0.10 Crore issued to us, in relation to disallowance u/s 14A with respect to Rule 8D of Income Tax Rules, 1962 amounting to Rs.0.30 Crore, disallowance in

NOTES TO FINANCIAL STATEMENTS (Contd.)

Director's Foreign Travelling amounting to Rs.0.01Crore and relating to publicity and advertising to the tune of Rs.0.01 Crore. The appeal was filed in December, 2011 to the Commissioner of Income Tax (Appeals)- I/II, Ludhiana.

iv) In relation to 36(I)(iv) above notice for the Sales Tax demand of Rs.0.43 Crore for assessment year 2006-07:

This demand order of assessment arises u/s 9(2b) read with Section 14(6) of HVAT Act, 2003 of Rs.0.43 Crore raised by Sales Tax Department by disallowing the Input Tax on the purchase of furnace oil. It includes interest amount Rs.0.20 Crore. The entire amount of Sales Tax has not been deposited. Appeal against demand was filed on 15.05.2010, before the Joint Excise & Taxation Commissioner (Appeals), Faridabad.

vi) In relation to 36(I)(vi) above notice for short assessment on account of Maximum Demand Indicator Rs.5.60 Crores:

We applied for extension of load from 9000 KW to 18000 KW with contract demand from 10000 KVA to 20000 KVA on 21.10.2005. The same was to be sanctioned by the Director (Oprn.) DHBVN. The load was to be fed at 66KV level as such the approval of HVPNL Authority was required prior to sanction of the extended load.

The Director HVPNL approved the release of extension of load from 10000 KVA to 20000 KVA temporarily from existing Mahrauli Road S/s. and finally from 66 KV sub-station at Sector 38, Gurgaon.

Rico complied with all the terms and conditions of the Demand Notice and thereafter the extension of load was released temporarily from 66 KV Mahrauli Road S/s as a time gap arrangement till completion of Bay at 66 KV substation sector-38, Gurgaon.

The extension of load was shifted to 66 KV sub-station Sector-38, Gurgaon in the month of November, 2008 as a permanent feeding arrangement. As per the mandatory requirement of the distribution companies a Tripartite Agreement on this account was executed in between DHBVN, HVPNL and Rico on 03.08.2009 for extension of load from 9000 KW to 18000 KW with contract demand from 10000 KVA to 20000 KVA.

In view of above it is very well clear that our Contract Demand from 10000 KVA to 20000 KVA has been considered, sanctioned and approved by DHBVN and HVPNL. Also we have been continuously billed per month right from 2006 to May, 2011 for our contract demand as 20000 KVA in each and every monthly electricity bill.

Aggrieved by the demand of DHBVN we filed a civil suit for declaration with consequential relief of permanent injunction in the Court of Civil Judge, Gurgaon on 14.10.2011. The court pronounced its judgment with the direction to DHBVN. That "To decide the reply/representation/objection of the plaintiff on merit after affording a reasonable opportunity of hearing to the plaintiff before recovering the proposed amount Rs.5.60 Crores as per law."

The DHBVN passed final order without personal hearing in violation of civil court and has directed to deposit the entire amount Rs.5.60 Crores with in 7days.

Aggrieved by unjustified demand notice we filed a petition before HERC on 07.12.2011. The commission heard the case on 12.01.12 & 06.03.12 and directed us to exhaust CGRF and Ombudsman before coming to them.

Thereafter we filed a complaint in the CGRF at Hisar on 12.03.2012 the forum heard the complaint on 28.03.12 and passed his order that this forum has no jurisdiction to entertain the present complaint.

Thereafter we filed a petition before the Ombudsman at Panchkula on 08.05.2012 against the erroneous order passed by CGRF Hisar, where this case to be heard on 06.06.2012.

II) Guarantees:

i) Banks have given guarantees on behalf of the Company for Rs.3.63 Crores (Previous year Rs.4.01 Crores).

ii) Letters of Credit outstanding in favour of suppliers for Rs.5.82 Crores (Previous year Rs.34.22 Crores).

iii) The Company has given corporate guarantees to the banks of two of its subsidiaries (a) Rasa Autocom Limited (wholly owned) for Rs.43.00 Crores (Previous Year Rs.Nil), (b) Rico Jinfei Wheels Limited (92.5% owned) for Rs.10.00 Crores during the year (Previous Year Rs.Nil).

iv) Surety Bonds executed in favour of The President of India, under Export Promotion Capital Goods Scheme (EPCG) for importing capital goods at concessional rate of custom duty, amounting to Rs.120.83 Crores (Previous year Rs.120.83 Crores).

III) Commitments:

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs.11.69 Crores (Previous year Rs.14.90 Crores).

NOTES TO FINANCIAL STATEMENTS (Contd.)

Note 37 – The following expenses incurred on Research and Development are included under respective account heads:

(Rs. in Crores)

Particulars	Current Year	Previous Year
Capital Expenditure	**0.10**	1.70
Employees Remuneration and Benefits	**1.82**	0.87
Revenue Expenses other than Depreciation	**1.08**	0.20
Depreciation on Research and Development Assets	**0.45**	0.40

Note 38 – In pursuance of Micro, Small & Medium Enterprises Development Act, 2006, the details of sum which is outstanding at the year end are as follows:

(Rs. in Crores)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Interest due on above principal and remaining unpaid as at the end of the year	**2.13**	4.10
Amount of interest paid by the buyer in terms of Section 16 along with the amounts of the payments made to suppliers beyond the appointed day during each accounting year interest paid	**NIL**	NIL
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 Micro Small and Medium Enterprises Development Act, 2006	**NIL**	NIL
The amount of the interest accrued and remaining unpaid at the end of each accounting year	**NIL**	NIL
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to small enterprise for the purpose of disallowance as a deducible expenditure U/S 23 of the Micro Small and Medium Enterprises Development Act, 2006	**NIL**	NIL

Note 39 – Composition of Imported and Indigenous Raw Material (Including Components and Spares):

(Value Rs. in Crores)

	Year ended March 31, 2012		Year ended March 31, 2011	
	Value	Percentage to Total Consumption	Value	Percentage to Total Consumption
1. ALUMINIUM ALLOY				
Indigenous	**227.05**	**100.00%**	121.47	99.84%
Imported	**—**	**—**	0.33	0.16%
2. PIG IRON & STEEL SCRAP				
Indigenous	**68.67**	**100.00%**	65.28	100.00%
Imported	**—**	**—**	—	—
3. OTHER MATERIALS & COMPONENTS				
Indigenous	**387.53**	**97.84%**	301.99	96.60%
Imported	**8.57**	**2.16%**	10.62	3.40%
4. STORES & SPARE PARTS				
Indigenous	**74.42**	**95.85%**	70.61	91.91%
Imported	**3.22**	**4.15%**	6.21	8.09%

— Consumption Includes interunit Rs.39.04 Crores (Previous Year Rs.39.92 Crores).

NOTES TO FINANCIAL STATEMENTS (Contd.)

Note 40 – CIF VALUE OF IMPORTS

(Rs. in Crores)

	Year ended March 31, 2012	Year ended March 31, 2011
Capital Goods	**6.49**	32.66
Raw Materials	**1.24**	1.61
Components	**4.19**	8.32
Stores & Spares	**5.22**	6.41

Note 41 – EXPENDITURE IN FOREIGN CURRENCY

(Rs. in Crores)

	Year ended March 31, 2012	Year ended March 31, 2011
Bank Charges against Export	**0.01**	0.02
Travelling Expenses	**0.76**	0.47
Professional Charges	**0.61**	0.42
Repair & Maintenance (Machinery)	**0.03**	0.03
Others	**3.94**	5.11

Note 42 – EARNING IN FOREIGN CURRENCY

(Rs. in Crores)

	Year ended March 31, 2012	Year ended March 31, 2011
F.O.B. Value of Export	**183.71**	183.71
Others	**12.48**	10.26

Note 43 – Current Assets, Loans & Advances:

In the opinion of the Board of Directors, the Current Assets, Loans and Advances are having the value at which they are stated in the Balance Sheet, if realized in the ordinary course of business save as otherwise stated in this Balance Sheet elsewhere.

Note 44 – The Company has sold the entire 475680 fully paid-up equity shares of Rs.100/- each of its Joint Venture and Subsidiary Company namely KRP Auto Industries Limited to other Joint Venture Partner namely Kailash Royal Premium Projects Private Limited. The entire consideration of Rs. 20.30 Crores including the amount of premium towards our investment has been received and consequently, said Joint Venture & Subsidiary ceased on 12th December, 2011. The transaction does not involve any profit/loss and also there is no impact on business operation of the Company.

Note 45 – The Company has sold the entire 5,50,00,000 fully paid-up equity shares of Rs.10/- each of its Joint Venture Company namely Continental Rico Hydraulic Brakes India Private Limited to the other Joint Venture Partner Group Company namely Continental Automotive Holding Netherlands BV. The entire consideration of Rs.48,61,06,000/- towards our investment has been received and consequently, said Joint Venture ceased on 9th March, 2012.

Note 46 – The amount has been given in Crore Rupees unless otherwise stated.

Note 47 – Previous Year Figures:

For the year ended 31st March, 2011, the Company has prepared and presented its financial statements as per applicable pre revised Schedule VI of the Companies Act, 1956. For the year ended 31st March, 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company. The Company has reclassified previous year figures to confirm to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly the presentation of balance sheet.

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO SUBSIDIARY COMPANIES

1.	Name of the Subsidiary Company	Rico Auto Industries Inc., USA	Rico Auto Industries (UK) Limited	Rasa Autocom Limited	Uttarakhand Automotives Limited	Rico Jinfei Wheels Limited	RAA Autocom Limited	AAN Engineering Industries Limited
2.	Date from which it became Subsidiary Company	12th June, 2001	12th August, 2004	12th October, 2007	9th July, 2007	16th July, 2007	24th June, 2008	08th April, 2011
3.	Financial Year of the Subsidiary ended on	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012
4.	Shares of the Subsidiary held by Rico Auto Industries Limited on the above dates							
	i) Number & Face Value	2500 Equity Shares @ US$ 10/- each fully paid up (Rs.12.66 Lacs)	20000 Equity Shares @ GBP 1/- each fully paid up (Rs.16.28 Lacs)	75000 Equity Shares @ Rs.10/- each (Rs.7.50 Lacs)	410000 Equity Shares @ Rs.10/- each (Rs.41.00 Lacs)	9250000 Equity Shares @ Rs.10/- each (Rs.925.00 Lacs)	50000 Equity Shares @ Rs.10/- each (Rs.5.00 Lacs)	50000 Equity Shares @ Rs.10/- each (Rs.5.00 Lacs)
	ii) Extent of Holding	100%	100%	100%	100%	92.50%	100%	100%
5.	Net Aggregate amount of Profit/Losses of Subsidiary Company so far as it concerns the Members of Rico Auto Industries Limited							
	a) Not dealt with in the accounts of Rico Auto Industries Limited							
	i) for the Subsidiary's financial year above referred	Profit US$ 213977 (Rs.108.33 Lacs)	Profit GBP 113306 (Rs.91.43 Lacs)	Loss Rs.772.12 Lacs	Loss Rs.240.19 Lacs	Loss Rs.846.97 Lacs	Loss Rs.6.30 Lacs	Loss Rs.37.64 Lacs
	ii) for the previous financial year of Subsidiary since it became Subsidiary of Rico Auto Industries Limited	Profit US$ 2045373 (Rs.908.35 Lacs)	Profit GBP 297534 (Rs.208.85 Lacs)	Loss Rs.120.63 Lacs	Loss Rs.555.99 Lacs	Loss Rs.543.81 Lacs	Loss Rs.158.28 Lacs	—
	b) Dealt with in the accounts of Rico Auto Industries Limited							
	i) for the Subsidiary's financial year above referred	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	ii) for the previous financial year of Subsidiary since it became Subsidiary of Rico Auto Industries Limited	Nil	Nil	Nil	Nil	Nil	Nil	Nil
6.	Changes in the interest of Rico Auto Industries Limited in the Subsidiary Company between the end of the financial year of the Subsidiary and the financial year of the Company	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
7.	Material changes between the end of the financial year of the Subsidiary and the financial year of the Company	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

For and on behalf of the Board of Directors

O.P.Aggarwal
Executive Director (Finance)

B.M.Jhamb
Company Secretary

Anup Singh
Satish Sekhri
Directors

Chandra Mohan
Chairman
Arvind Kapur
Vice Chairman,CEO
& Managing Director

Place : Gurgaon
Dated : 30th May, 2012

RELIABILITY INNOVATION COMPETITIVENESS GLOBALIZATION
RICO AUTO INDUSTRIES LIMITED

FINANCIAL SUMMARY
RELATING TO SUBSIDIARY COMPANIES AS ON 31.03.2012

(Rs. in Thousand)

Sl. No.	Name of the Subsidiary Company	Reporting Currency	Exchange Rates as on 31/03/2012 (Rs.)	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit before Tax	Provision for Tax	Profit after Tax	Proposed Dividend
1.	Rico Auto Industries Inc., USA	US $	50.63	1266	114391	404774	289117	—	946084	17238	7444	9794	—
2.	Rico Auto Industries (UK) Limited, U.K.	GBP	80.69	1628	33125	257615	222862	—	558654	12308	3165	9143	—
3.	Rasa Autocom Limited	INR	—	750	(89275)	483809	572334	—	168215	(72370)	4842	(77212)	—
4.	Uttarakhand Automotives Limited	INR	—	4100	(79617)	131458	206975	—	—	(24019)	—	(24019)	—
5.	Rico Jinfei Wheels Limited	INR	—	100000	(150354)	562879	613234	—	392561	(91564)	—	(91564)	—
6.	RAA Autocom Limited	INR	—	500	(16458)	200	16158	—	—	(630)	—	(630)	—
7.	AAN Engineering Industries Limited	INR	—	500	(3972)	35	3507	—	—	(3764)	—	(3764)	—

Note: The Balance Sheets, Profit and Loss Accounts, Directors' Reports and Auditors' Reports of the Subsidiaries are not being attached in view of general exemption granted by Ministry of Corporate Affairs Govt. of India, New Delhi vide its General Circular No. 2/2011dated 8th February, 2011. The said annual accounts of the Subsidiary Companies and the related detailed information will be made available to the holding & subsidiary company's investors seeking such information at any point of time (during business hours). The annual accounts of the Subsidiary Companies will also be kept for inspection by any investor at the Corporate Office of the Company/Subsidiary Company.

For and on behalf of the Board of Directors

O.P.Aggarwal
Executive Director (Finance)

Chandra Mohan
Chairman

Anup Singh
Satish Sekhri
Directors

Arvind Kapur
Vice Chairman,CEO
& Managing Director

Place : Gurgaon
Dated : 30th May, 2012

B.M.Jhamb
Company Secretary

CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2011-12

AUDITORS' REPORT

The Board of Directors,

Rico Auto Industries Limited

ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY, ITS SUBSIDIARIES AND JOINT VENTURES

1. We have examined the attached Consolidated Balance Sheet of Rico Auto Industries Limited and its Subsidiaries and Joint Venture Companies as at 31st March, 2012, the Consolidated Profit and Loss Account for the year then ended and the Consolidated Cash Flow Statement for the year ended on that date (these are referred to as consolidated financial statements).

2. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of Rico Auto Industries Inc., USA & Rico Auto Industries (UK) Limited, U.K., Wholly Owned Subsidiaries, KRP Auto Industries Limited, Joint Venture & Subsidiary and FCC Rico Limited, Continental Rico Hydraulic Brakes India Private Limited & Magna Rico Powertrain Private Limited, Joint Venture Companies for the year ended 31st March, 2012. The Financial Statements of these Subsidiaries and Joint Venture Companies reflect Gross Assets of Rs.65.53 Crores and Rs.430.01 Crores respectively (Previous year Rs.88.80 Crores and Rs.383.52 Crores) as at 31st March, 2012, total Revenue of Rs.150.47 Crores and Rs.807.91Crores respectively (Previous year Rs.150.04 Crores and Rs.656.98 Crores) for the year ended on that date. The net cash flows from operating activities reflect Rs.33.25 Crores (positive) [Previous year Rs.29.47 Crores (Postive)]. The financial statements of the Subsidiaries and Joint Venture Companies reflect Net Profit after Tax of Rs.20.34 Crores (Positive) [Previous year Rs.15.22 Crores (Positive)] for the year ended 31st March, 2012. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us. During the year the Company has sold its Investment in KRP Auto Industries Limited on 12.12.2011 & Continental Rico Hydraulic Brakes India Private Limited on 08.03.2012 and accounts of these are unaudited as on date and consolidated on provisional basis (Total Revenue Rs. 30.91 Crores) (Previous year Rs.10.93 Crores), Cash Flow from operating activities Rs.5.97 Crores (Negative) [(Previous year Rs.6.44 Crores (Negative)] till the date of cession, and in our opinion, in so far as it relates to the amounts included in respect of these Subsidiaries and Joint Venture Companies is based solely on the report of the other auditors.

4. We report that the Consolidated Financial Statements have been prepared by group's management in accordance with the requirements of Accounting Standard (AS-21), Consolidated Financial Statements, Accounting Standard (AS-23), Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS-27), Financial Reporting of Interests in Joint Venture, issued under the Companies (Accounting Standards) Amended Rules, 2009.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS-21), on Consolidated Financial Statement and Accounting Standard (AS-27) on Consolidation of Financial Statements of Joint Venture, issued under the Companies (Accounting Standards) Amended Rules, 2009 with the Significant Accounting policies and provisions of the Companies Act,1956, and on the basis of the separate audited financial statements of Rico Auto Industries Limited and its Subsidiaries and Joint Venture Companies included in the consolidated financial statements.

On the basis of the information and explanation given to us, in our opinion and on the consideration of the separate audit reports on individual audited financial statements of Rico Auto Industries Limited and its aforesaid Subsidiaries and Joint Venture Companies consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, in case of:

a) the Consolidated Balance Sheet, of the consolidated state of affairs of Rico Auto Industries Limited and its Subsidiaries and Joint Venture Companies as at 31st March, 2012;

b) the Consolidated Profit and Loss Account, of the consolidated results of operations of Rico Auto Industries Limited and its Subsidiaries and Joint Venture Companies for the year then ended; and

c) the Consolidated Cash Flow Statement, of the cash flow of Rico Auto Industries Limited and its Subsidiaries and Joint Venture Companies for the year ended on that date.

For **GUPTA VIGG & CO**.
Chartered Accountants
Firm Regn. No.001393N

CA. KAWAL JAIN
PARTNER
Membership No. 089214

Place : Gurgaon
Dated : 30th May, 2012

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

	Notes	As at March 31, 2012 (Rs. in Crores)	As at March 31, 2011 (Rs. in Crores)
I. EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
a) Share Capital	3	**13.53**	13.53
b) Reserve & Surplus	4	**327.77**	308.00
Sub-Total Shareholder's Funds		**341.30**	321.53
2. NON-CURRENT LIABILITIES			
a) Long-Term Borrowings	5	**204.73**	255.22
b) Deferred Tax Liabilities (net)	6	**38.80**	34.32
c) Other Long-Term Liabilities	7	**1.50**	1.51
d) Long-Term Provisions	8	**4.41**	2.34
Sub-Total Non-Current Liabilities		**249.44**	293.39
3. CURRENT LIABILITIES			
a) Short-Term Borrowings	9	**188.01**	152.85
b) Trade Payables	10	**202.30**	234.69
c) Other Current Liabilities	11	**134.30**	125.04
d) Short-Term Provisions	12	**33.55**	30.54
Sub-Total Current Liabilities		**558.16**	543.12
TOTAL		**1148.90**	1158.04
II. ASSETS			
1. NON-CURRENT ASSETS			
a) Fixed Assets			
i) Tangible Assets	13	**558.37**	583.49
ii) Intangible Assets	13	**1.82**	1.72
iii) Capital Work-in-Progress		**84.75**	91.27
b) Non-Current Investments	14	**—**	—
c) Long-Term Loans & Advances	16	**25.87**	23.76
d) Other Non-Current Assets	17	**0.26**	0.18
Sub-Total Non-Current Assets		**671.07**	700.42
2. CURRENT ASSETS			
a) Current Investments	15	**—**	—
b) Inventories	18	**184.99**	172.37
c) Trade Receivable	19	**190.21**	159.53
d) Cash and Cash Equivalents	20	**6.41**	19.41
e) Short-Term Loans & Advances	21	**95.80**	105.47
f) Other Current Assets	22	**0.42**	0.84
Sub-Total Current Assets		**477.83**	457.62
TOTAL		**1148.90**	1158.04

Significant Accounting Policies and Notes to Financial Statements 1 to 51

As per our report of even date
for **Gupta Vigg & Co.**
Chartered Accountants
Firm Regn. No.001393N

CA. Kawal Jain
Partner
Membership No. 089214

O.P.Aggarwal
Executive Director (Finance)

For and on behalf of the Board of Directors

Chandra Mohan
Chairman

Anup Singh
Satish Sekhri
Directors

Arvind Kapur
Vice Chairman,CEO
& Managing Director

Place : Gurgaon
Dated : 30th May, 2012

B.M.Jhamb
Company Secretary

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012

		Schedule No.	**Year ended March 31, 2012 (Rs. in Crores)**	Year ended March 31, 2011 (Rs. in Crores)
I.	Revenue From Operations (gross)	23	**1644.67**	1431.36
	Less : Excise Duty		**133.94**	116.38
	Revenue From Operations (net)		**1510.73**	1314.98
II.	Other Income	24	**13.16**	7.44
III.	Total Revenue (I + II)		**1523.89**	1322.42
IV.	Expenses:			
	Cost of Material Consumed	25	**955.67**	826.07
	Changes in Inventories of FG & WIP	26	**(2.28)**	(17.20)
	Employee Benefits Expenses	27	**171.35**	151.02
	Finance Costs	28	**70.43**	52.40
	Depreciation	13	**70.94**	64.59
	Other Expenses	29	**247.76**	230.80
	Total Expenses		**1513.87**	1307.68
V.	Profit Before Exceptional Items and Tax (III - IV)		**10.02**	14.74
VI.	Exceptional Items	30	**(24.79)**	(9.58)
VII.	Profit Before Tax (V - VI)		**34.81**	24.32
VIII.	Tax expenses:			
	1) Current Tax		**7.79**	13.82
	2) Deferred Tax		**4.48**	(1.38)
	3) Provision for MAT Credit Receivable		**—**	(1.45)
	4) Previous Year Income Tax		**0.08**	0.03
IX.	Profit for the Period (VII - VIII)		**22.46**	13.30
EARNING PER SHARE (Equity Shares, par value Re. 1/- each)				
	Basic (Rupee)		**1.66**	1.02
	Diluted (Rupee)		**1.66**	0.98
Number of Shares considered for computing Earning Per Share				
	Basic		**135285000**	130334781
	Diluted		**135285000**	135285000

Significant Accounting Policies and
Notes to Financial Statements 1 to 51

As per our report of even date
for **Gupta Vigg & Co.**
Chartered Accountants
Firm Regn. No.001393N

CA. Kawal Jain
Partner
Membership No. 089214

O.P.Aggarwal
Executive Director (Finance)

For and on behalf of the Board of Directors

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Directors

Arvind Kapur
Vice Chairman,CEO
& Managing Director

Place : Gurgaon
Dated : 30th May, 2012

B.M.Jhamb
Company Secretary

RELIABILITY INNOVATION
COMPETITIVENESS GLOBALIZATION

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

		Year ended March 31, 2012 (Rs. in Crores)		Year ended March 31, 2011 (Rs. in Crores)
A. Cash Flow from Operating Activities				
Net Profit Before Tax and Extra Ordinary Items		**34.81**		24.32
Adjustments for:				
Depreciation	**70.94**		64.59	
Loss / (Profit) on Sale of Assets	**(3.44)**		(9.58)	
Provision for Hedge/Exchange Equalisation Reserve	**0.16**		—	
Interest Paid	**70.43**		52.40	
		138.09		107.41
Operating Profit before Working Capital Changes		**172.90**		131.73
Adjustments for:				
Trade and other Receivables	**(23.60)**		(28.08)	
Inventories	**(12.62)**		(32.53)	
Trade Payable and Provisions	**(17.27)**	**(53.49)**	67.41	6.80
Cash Generated from Operations		**119.41**		138.53
Income Tax Payment for the year	**(7.05)**	**(7.05)**	(8.68)	(8.68)
Cash Flow before Extra Ordinary Items		**112.36**		129.85
Extra Ordinary Items		**—**		—
Net Cash from Operating Activities (A)		**112.36**		129.85
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets	**(87.06)**		(125.31)	
Sale of Fixed Assets	**51.10**		17.47	
Consolidation (Exchange Fluctuation Reserve)	**2.96**		4.84	
Net Cash used in Investing Activities (B)		**(33.00)**		(103.00)
C. Cash Flow from Financing Activities				
Proceeds from Long Term Borrowings	**5.82**		133.00	
Repayment of Long Term Borrowings	**(67.22)**		(64.41)	
Repayment of Short Term Borrowings (Net)	**46.06**		(35.08)	
Dividend Paid – Equity Shares	**(6.59)**		(7.85)	
Proceeds from Issue of Share Capital including Warrant	**—**		5.17	
Interest Paid (Net)	**(70.43)**		(52.40)	
Net Cash used in Financing Activities (C)		**(92.36)**		(21.57)
Extra Ordinary Items				
Net Increase in Cash and Cash Equivalents		**(13.00)**		5.28
Cash and Cash Equivalents as at (Opening Balance)		**19.41**		14.13
Cash and Cash Equivalents as at (Closing Balance)		**6.41**		19.41

CONSOLIDATED CASH FLOW STATEMENT (Contd.)

Notes:

1. The above statement has been prepared under indirect method except in case of dividend which has been considered on the basis of actual movement of cash, with corresponding adjustments in assets and liabilities.
2. Cash and cash equivalents represent cash and bank balances only.
3. Additions to fixed assets are stated inclusive of movements of Capital work-in-progress between beginning and end of the year and treated as part of investing activities.
4. Previous year figures have been re-grouped/re-cast, wherever necessary.

For and on behalf of the Board of Directors

O.P.Aggarwal
Executive Director (Finance)

Chandra Mohan
Chairman

Place : Gurgaon
Dated : 30th May, 2012

B.M.Jhamb
Company Secretary

Anup Singh
Satish Sekhri
Directors

Arvind Kapur
Vice Chairman,CEO
& Managing Director

AUDITORS' CERTIFICATE

We have examined the attached cash flow statement of Rico Auto Industries Limited for the year ended 31st March, 2012. The Statement has been prepared by the company in accordance with the requirements of listing agreement clause 32 with Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet covered by our report of even date to the members of the company.

for **Gupta Vigg & Co.**
Chartered Accountants
Firm Regn. No.001393N

CA. KAWAL JAIN
PARTNER
Membership No.089214

Place : Gurgaon
Dated : 30th May, 2012

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Accounting Policies

Principles of Consolidation:

i) The Consolidated Financial Statements relate to Rico Auto Industries Limited (the Parent Company), Rico Auto Industries Inc. USA (Wholly Owned Subsidiary Company incorporated in USA), Rico Auto Industries (UK) Limited (Wholly Owned Subsidiary Company incorporated in U.K.), FCC Rico Limited (a Joint Venture Company), Rico Jinfei Wheels Limited (a Joint Venture & Subsidiary Company), Continental Rico Hydraulic Brakes India Private Limited (a Joint Venture Company ceased on 9th March, 2012), Magna Rico Powertrain Private Limited (a Joint Venture Company), Rasa Autocom Limited (Wholly Owned Subsidiary Company), RAA Autocom Limited (Wholly Owned Subsidiary Company), Uttarakhand Automotives Limited (Wholly Owned Subsidiary Company), KRP Auto Industries Limited (a Joint Venture & Subsidiary Company ceased on 12th December, 2011) & AAN Engineering Industries Limited, (Formerly known as Rupak Automotive Industries Limited - Wholly Owned Subsidiary Company)

ii) The Consolidated Financial Statements have been prepared on the basis of AS-21 and AS-27 issued by ICAI read with the following basic assumptions:

   a) The Financial Statements of the Parent Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group transactions and resultant unrealized profits or losses. In case of the Joint Venture Companies proportionate Consolidation of the assets, liabilities, income and expenses of jointly controlled Company has been done.

   b) Investments of the Parent Company in the Subsidiaries and Joint Ventures are eliminated against respective stake of the Parent Company.

   c) In respect of foreign subsidiaries, the financials have been converted from US GAAP & UK GAAP to Indian GAAP. Monetory items (and Net Current Assets & Current Liabilities) of overseas Subsidiaries have been translated in reporting currency in terms of exchange rates prevailing on year-end date. All revenue items are consolidated at the average rate prevailing during the year.

   d) Impact of exchange fluctuations, whether revenue or capital in nature, appearing in the accounts of the overseas subsidiaries are directly charged to revenue in Consolidated Financial Statements.

Note 2 – Depreciation:

i) In respect of the Holding Company (Rico Auto Industries Limited), depreciation on Building and Plant & Equipment is provided on pro-rata basis at the Straight Line Method and on rest of Fixed Assets has been provided on pro-rata basis on the Written Down Value Method, at the rates prescribed in Schedule XIV of the Companies Act, 1956.

ii) Rico Auto Industries Inc. USA (an Overseas Subsidiary Company) and Rico Auto Industries (UK) Limited, U.K. (an Overseas Subsidiary Company) have the Fixed Assets on which depreciation is charged on Straight Line Method basis at the rates and subject to the provisions of the applicable local laws of the respective country.

iii) In respect of FCC Rico Limited (a Joint Venture Company) depreciation is provided on Assets put to use, on pro-rata basis on the Written Down Value Method at the rates prescribed in the Schedule XIV of the Companies Act, 1956.

iv) In respect of Continental Rico Hydraulic Brakes India Private Limited (a Joint Venture Company) depreciation on fixed assets is provided on the Written Down Value Method basis over the estimated useful life of assets at rates, which are either equal to or higher than the rates specified in Schedule XIV to the Companies Act, 1956.

v) In respect of Rico Jinfei Wheels Limited (a Joint Venture & Subsidiary Company) and Rasa Autocom Limited (Wholly Owned Subsidiary Company) depreciation on Building and Plant & Equiptment is provided on pro-rata basis at the Straight Line Method and on rest of Fixed Assets has been provided on pro-rata basis on the Written Down Value Method, at the rates prescribed in Schedule XIV of the Companies Act, 1956.

vi) In respect of Magna Rico Powertrain Private Limited (a Joint Venture Company) depreciation, as follows:

   a) Depreciation of Leasehold improvements is provided over the lease period or useful life, whichever is lower.

   b) Depreciation on all other Fixed Assets is provided using the Straight Line Method as per the useful lives of the assets estimated by the management, or at the rates prescribed in Schedule XIV of the Companies Act, 1956 whichever is higher.

vii) In respect of AAN Engineering Industries Limited (Wholly Owned Subsidiary Company) does not have any Fixed Assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	As at March 31, 2012 (Rs. in Crores)	As at March 31, 2011 (Rs. in Crores)
Note 3 – SHARE CAPITAL		
AUTHORISED		
25,00,00,000 Equity Shares of Re.1/- each (Previous year 25,00,00,000 Equity Shares of Re.1/- each)	**25.00**	25.00
50,00,000 Redeemable Preference Shares of Re.10/- each (Previous year 50,00,000 Shares of Rs.10/- each)	**5.00**	5.00
	30.00	30.00
ISSUED, SUBSCRIBED AND PAID-UP		
13,52,85,000 Equity Shares of Re.1/- each fully paid up with voting rights (Previous year 13,52,85,000 Equity Shares of Re.1/- each fully paid up with voting rights)	**13.53**	13.53
	13.53	13.53

VOTING RIGHTS

A) Every member holding equity shares has a right to vote in respect of every Shareholder Meeting, one vote in case of show of hands and in proportion to his number of shares of the Paid-up Equity Capital of the Company in case of voting by poll.

B) Redeemable Preference Shareholders do not have any voting rights in the Shareholder Meetings, they can vote only on certain matters as per the Companies Act, 1956, in proportion to their holding.

LIST OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES

	Number of Shares held	**%Holding in that class of Shares**	Number of Shares held	%Holding in that class of Shares
Kapsons Associates Investments Pvt. Ltd.	**38917050**	**28.77**	38917050	28.77
Arvind Kapur	**12652460**	**9.35**	12652460	9.35
Arun Kapur	**8651160**	**6.39**	8651160	6.39
Ashish Dhawan	**7273092**	**5.38**	6873092	5.08
	67493762	**49.89**	67093762	49.59

RECONCILIATION OF NUMBER OF SHARES OUTSTANDING

	(Nos.)		(Nos.)	
Equity Shares outstanding at the beginning of the year	**135285000**	**13.53**	128855000	12.89
Equity Shares alloted on conversion of warrants	**—**	**—**	6430000	0.64
Equity Shares outstainding at the end of the year	**135285000**	**13.53**	135285000	13.53

WARRANTS CONVERSION

64,30,000 Warrants @ Rs.4.40 converted in Equity Shares of Re.1/- during the previous year 2010-11

RECONCILIATION OF NUMBER OF WARRANTS OUTSTANDING

	(Nos.)		(Nos.)	
Warrants outstanding at the beginning of the year	**—**	**—**	6430000	2.83
Warrants converted during the year	**—**	**—**	6430000	2.83
Warrants outstainding at the end of the year	**—**	**—**	—	—

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

		As at March 31, 2012 (Rs. in Crores)	As at March 31, 2011 (Rs. in Crores)
Note 4 – RESERVES AND SURPLUS			
CAPITAL RESERVE (On Forfeited Shares & NCD - Rs.34785/-)			
Opening Balance	**0.00**		0.00
Add : Additions during the year	**—**		—
Less : Utilised/ transferred during the year	**—**		—
Closing Balance		**0.00**	0.00
STATE CAPITAL SUBSIDY			
Opening Balance	**0.20**		0.20
Add : Additions during the year	**—**		—
Less : Utilised/ transferred during the year	**—**		—
Closing Balance		**0.20**	0.20
SHARE PREMIUM ACCOUNT			
Opening Balance	**145.04**		145.04
Add : Additions during the year	**—**		—
Less : Utilised/ transferred during the year	**—**		—
Closing Balance		**145.04**	145.04
CAPITAL REDEMPTION RESERVE			
Opening Balance	**2.00**		2.00
Add : Additions during the year	**—**		—
Less : Utilised/ transferred during the year	**—**		—
Closing Balance		**2.00**	2.00
EXCHANGE EQUALISATION RESERVE			
Opening Balance	**(0.04)**		(0.04)
Add : Additions during the year	**0.14**		—
Less : Utilised/ transferred during the year	**—**		—
Closing Balance		**0.10**	(0.04)
HEDGING RESERVE			
Opening Balance	**(0.02)**		(0.02)
Add : Additions during the year	**0.02**		0.00
Less : Utilised/ transferred during the year	**—**		—
Closing Balance		**—**	(0.02)
GENERAL RESERVE			
As per last Balance Sheet	**95.04**		91.29
Add: Transferred from Profit & Loss Account	**1.90**		3.75
		96.94	95.04
SURPLUS			
As per last Balance Sheet	**65.78**		58.04
Inter Companies Surplus	**2.96**		4.78
Add : Transferred from Statement of Profit & Loss	**22.46**		13.30
Less : Proposed Dividend on Equity Shares	**4.99**		5.67
Less : Corporate Dividend Tax	**0.82**		0.92
Less : Transferred to General Reserve	**1.90**		3.75
Closing Balance		**83.49**	65.78
		327.77	308.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	As at March 31, 2012 (Rs. in Crores)	As at March 31, 2011 (Rs. in Crores)
Note 5 – LONG TERM BORROWINGS		
SECURED LOANS		
Term Loan from Banks:		
Foreign Currency Loan	**36.71**	8.96
Rupee Loan	**162.09**	244.08
Other Loan & Advances:		
From Banks	**0.63**	0.02
From Companies	**0.35**	0.52
UNSECURED LOANS		
From Banks:		
Foreign Currency Loan	**—**	—
Rupee Loan	**—**	—
From Companies:		
Foreign Currency Loan		
Rupee Loan	**4.95**	1.64
	204.73	255.22

SECURED LOANS

Security Details of Current Year:

a) Foreign Currency USD Term Loans, Non-Funded Capex Limits and Rupee Term Loans are secured by hypothecation of movable fixed assets, both present & future, of the Company ranking first pari-passu charge basis among Axis Bank Limited, Export-Import Bank of India, IndusInd Bank Limited, Kotak Mahindra Bank Limited, State Bank of Hyderabad, State Bank of Patiala and Yes Bank Limited. These Loans are also secured by mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon ranking pari-passu charge basis amongst the said banks.

b) Term Loan of Rs.25.00 Crores from Yes Bank Limited is additionally secured by corporate guarantee of an Associate Company and personal guarantees of Managing Director, Joint Managing Director and a Director of the Company.

c) Capex - Non Funded Facilities of Rs.11.00 Crores & Rs.10.00 Crores availed from IDBI Bank Limited and Yes Bank Limited respectively are secured by exclusive charge on all machineries/assets imported/acquired by utilising the said facilities.

d) Term Loan and Capex Non-Funded Facilities from Axis Bank Limited in Rico Jinfei Wheels Limited is secured by exclusive first charge by hypothecation of movable fixed assets and mortgage by way of deposit of title deeds of immovable property of that Company and second charge on current assets of the Company. Further secured by shortfall guarantee and a comfort letter by Holding Company, Rico Auto Industries Limited.

e) Term Loan and Capex Non-Funded Facilities from Yes Bank Limited in Rasa Autocom Limited is secured by exclusive charge on all movable & immovable fixed assets and all current assets of the Company. Further secured by corporate guarantee of its Holding Company, Rico Auto Industries Limited and personal guarantee of Mr. Arvind Kapur, a relative of the Directors of the Company.

Terms of Repayment:

— Axis Bank Limited - Loan-I, Terms: Originally taken for Rs.30.00 Crores in March, 2010 repayable in 14 quaterly instalments after moratorium of six quarters. Last Instalment is repayable in March, 2015, Rate of Interest as on 31st March, 2012: 13.75% (Previous Year: 12.50%).

— Axis Bank Limited - Loan-II, Terms: Originally taken for Rs.25.00 Crores in March, 2011 repayable in 14 quaterly instalments after moratorium of six quarters. Last Instalment is repayable in March, 2016, Rate of Interest as on 31st March, 2012: 13.50% (Previous Year: 12.25%).

— State Bank of Hyderabad - Loan-I, Terms: Originally taken for Rs.40.00 Crores in November, 2009 repayable in 14 quaterly instalments after moratorium of six quarters. Last Instalment is repayable in November, 2014. Rate of Interest as on 31st March, 2012: 13.50% (Previous Year: 13.00%).

— State Bank of Hyderabad - Loan-II, Terms: Originally taken for Rs.30.00 Crores in September, 2010 repayable in 14 quaterly instalments after moratorium of six quarters. Last Instalment is repayable in September, 2015. Rate of Interest as on 31st March, 2012: 13.50% (Previous Year: 13.00%).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

— State Bank of Patiala - Loan-I, Terms: Originally taken for Rs.35.00 Crores in September, 2009 repayable in 14 quaterly instalments after moratorium of six quarters. Last Instalment is repayable in September, 2014. Rate of Interest as on 31st March, 2012: 14.25% (Previous Year: 12.50%).

— State Bank of Patiala - Loan-II, Terms: Originally taken for Rs.50.00 Crores in January, 2011 repayable in 12 quarterly instalments after moratorium of eight quarters. Last Instalment is repayable in January, 2016. Rate of Interest as on 31st March, 2012: 14.25% (Previous Year: 12.50%).

— Kotak Mahindra Bank Limited - Loan-I, Terms: Originally taken for Rs.30.00 Crores in September, 2009 repayable in 12 quarterly instalments after moratorium of zero quarters. Last Instalment is repayable in September, 2012. Rate of Interest as on 31st March, 2012: 11.00% (Previous Year: 11.00%).

— Yes Bank Limited - Loan-I, Terms: Originally taken for Rs.25.00 Crores in December, 2008 repayable in 30 monthly instalments after moratorium of eighteen months. Last Instalment is repayable in December, 2012. Rate of Interest as on 31st March, 2012: 14.95% (Previous Year: 12.95%).

— Export-Import Bank of India - Loan-I, Terms: Originally taken for Rs.15.97 Crores in February, 2011 repayable in 20 quarterly instalments after moratorium of eight quarters. Last Instalment is repayable in February, 2018. Rate of Interest as on 31st March, 2012: 11.72% (Previous Year: 10.99%).

— Export-Import Bank of India - Loan-II, Terms: Originally taken for USD Two Millions in February, 2011 repayable in 20 quarterly instalments after moratorium of eight quarters. Last Instalment is repayable in February, 2018. Rate of Interest as on 31st March, 2012: L+4.50% (Previous Year: L+4.50%).

— IndusInd Bank Limited - Loan-I, Terms: Took over Rs.39.29 Crores Rupee Term Loan of IDBI Bank Limited in equivalent USD in April, 2011. Last Instalment is repayable to IndusInd Bank in March, 2014. Rate of Interest as on 31st March, 2012: 8.05% (Previous Year: IDBI Bank Limited: Taken for Rs.50.00 Crores in March, 2009 repayble in 14 quaterly instalments after moratorium of six quarters. Rate of Interest as on 31st March, 2011: 14.00%).

— Axis Bank Limited - Loan-I, Rico Jinfei Wheels Limited, Terms: Sanctioned for Rs.22.00 Crores in July, 2008 repayable in 16 quaterly instalments after moratorium of eight quarters. Last Instalment is repayable in April, 2014, Rate of Interest as on 31st March, 2012: 15.00% (Previous Year: 12.75%).

— Yes Bank Limited - Loan-I, Rasa Autocom Limited, Terms: Sanctioned for Rs.35.00 Crores in June, 2011 repayable in 20 quaterly instalments after moratorium of eight quarters. Last Instalment is repayable in June, 2018, Rate of Interest as on 31st March, 2012: 14.00% (Previous Year: Not Applicable).

Security Details of Previous Year:

a) Foreign Currency ECB Loan, USD Loan, Non-Funded Capex Limits and Rupee Term Loans are secured by hypothecation of movable fixed assets, both present & future, of the Company ranking first pari-passu charge basis among Axis Bank Limited, Citibank N.A., IDBI Bank Limited, Export-Import Bank of India, Kotak Mahindra Bank Limited, State Bank of Hyderabad, State Bank of Patiala, Standard Chartered Bank and Yes Bank Limited. These Loans are also secured by mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon ranking pari-passu charge basis amongst the said banks except that of USD/INR Loan equivalent to Rs.50.00 Crores from Export-Import Bank of India, Rupee Term Loan/ Non- Funded Limit of Rs.40.00 Crores from State Bank of Hyderabad, Rupee Term Loan of Rs.50.00 Crores from State Bank of Patiala and Rupee Term Loan from Axis Bank Limited for Rs.25.00 Crores which are yet to be secured by mortgage of deposit of title deeds of abovesaid properties of the Company.

b) Term Loan of Rs.25.00 Crores from Yes Bank Limited is additionally secured by corporate guarantee of an Associate Company and personal guarantees of Managing Director, Joint Managing Director and a Director of the Company.

c) Capex - Non Funded Facilities of Rs.11.00 Crores, Rs.11.00 Crores & Rs.10.00 Crores availed from IDBI Bank Limited, Kotak Mahindra Bank Limited and Yes Bank Limited respectively are secured by exclusive charge on all machineries/assets imported/ acquired by utilising the said facilities.

d) Term Loan and Capex Non - Funded facilities from Axis Bank Limited in Rico Jinfei Wheels Limited is secured by exclusive first charge by hypothecation of movable fixed assets and mortgage by way of deposit of title deeds of immovable property of that Company and second charge on current assets of the Company. Further secured by shortfall guarantee and a comfort letter by Holding Company, Rico Auto Industries Limited.

UNSECURED LOANS

Security Details of Current Year:

a) Term Loan of Tata Capital Limited is secured by personal guarantee of Managing Director of the Company.

b) Foreign Currency Japanese Yen (JPY) Loan from FCC Co. Ltd., Japan (50% Equity Shares holder) by FCC Rico Limited for sanctioned limits of JPY One thousand millions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Terms of Repayment:

— Tata Capital Limited - Terms: Taken for Rs.5.82 Crores in June, 2011 repayable in 60 monthly instalments after moratorium of twelve months. Last Instalment is repayable in June, 2017. Rate of Interest as on 31st March, 2012: 14.50% (Previous Year: Not Applicable).

— Foreign Currency JPY Loan from FCC Co. Ltd., Japan by FCC Rico Limited - Terms: Originally taken for JPY 400.00 Million in December, 2011 repayable in instalments starting from June, 2014. Rate of interest as on 31st March, 2012 : 3.00% p.a. advance (Previous Year: Not Applicable).

Security Details of Previous Year:

Not Applicable

	As at March 31, 2012 (Rs. in Crores)	As at March 31, 2011 (Rs. in Crores)
Note 6 – DEFERRED TAX LIABILITY		
As per last Balance Sheet	**34.32**	35.70
Add : Provision for the year	**4.48**	(1.38)
	38.80	34.32
Note 7 – OTHER LONG TERM LIABILITIES		
a) Trade Payables	**—**	—
b) Others		
Security Deposits	**1.50**	1.51
	1.50	1.51
Note 8 – LONG TERM PROVISIONS		
Provision for Gratuity	**2.99**	1.56
Provision for Compensated Absences	**1.42**	0.78
	4.41	2.34
Note 9 – SHORT TERM BORROWINGS		
SECURED LOANS		
Working Capital Loans from Banks:		
Foreign Currency Loan	**11.03**	17.60
Rupee Loan	**113.89**	66.51
UNSECURED LOANS		
Foreign Currency Loan	**63.26**	63.76
Rupee Loan	**(0.17)**	4.98
	188.01	152.85

WORKING CAPITAL LOANS

a) Working Capital Loans from Banks are secured by hypothecation of current assets including receivables & inventories, both present & future, ranking first pari-passu charge basis among Axis Bank Limited, Citibank N.A., DBS Bank Limited, HDFC Bank Limited, IDBI Bank Limited, Kotak Mahindra Bank Limited, Standard Chartered Bank, State Bank of Hyderabad, State Bank of India, State Bank of Patiala, The Hongkong & Shanghai Banking Corporation Limited and Yes Bank Limited.

b) Working Capital and Non-Funded Limits from Axis Bank Limited in Rico Jinfei Wheels Limited is secured by exclusive first charge by hypothecation of current assets of that Company and further secured by second charge on all the movable and immoveable assets of the Company. Also secured by shortfall guarantee by its Holding Company, Rico Auto Industries Limited.

c) Working Capital and Non-Funded Limits from Yes Bank Limited in Rasa Autocom Limited is secured by exclusive first charge by hypothecation of current assets of that Company and further secured by second charge on all the movable and immoveable assets of the Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Security Details of Current Year:

— State Bank of India for Working Capital of Rs.14.00 Crores & Non-Funded Rs.1.00 Crore: First pari-passu charge on all the current assets of the Company including all types of Stocks of raw material, stores, spares, stock-in-process, finished goods etc, lying in their premises, godowns, elsewhere including goods in transit and Company's book debts/receivables, both present and future.

— IDBI Bank Limited for Working Capital of Rs.20.00 Crores & Non-Funded Rs.5.00 Crores: First pari-passu charge on the entire current assets of the Company in the form of stock of raw materials, packaging materials, stock-in-process, finished goods, stores and consumables & receivables.

— HDFC Bank Limited for Working Capital of Rs.10.00 Crores: Hypothecation of Company's entire current assets including inventories, book debts both present and future.

— The Hongkong and Shanghai Banking Corporation Limited for Working Capital of Rs.20.00 Crores: First pari-passu charge on currents assets of the Company.

— Yes Bank Limited for Working Capital of Rs.5.00 Crores: First pari-passu charge on current assets of the Company.

— Citibank N.A. for Working Capital of Rs.12.54 Crores & Non-Funded Rs.1.36 Crores: First pari-passu charge on all present and future book debts and stocks of the Company.

— Standard Chartered Bank for Working Capital of Rs.41.20 Crores: First pari-passu charge on stock and book debts of the Company.

— DBS Bank Limited for Working Capital of Rs.10.00 Crores: First pari-passu charge on stock and book debts of the Company.

— State Bank of Patiala for Working Capital of Rs.30.00 Crores & Non-Funded Rs. 20.00 Crores: First charge over current assets of the Company ranking pari-passu basis with other lenders, both present & future.

— Kotak Mahindra Bank Limited for Working Capital of Rs.2.00 Crores: First charge on all existing and future current assets of the Company.

— State Bank of Hyderabad for Working Capital of Rs.5.00 Crores: First charge over current assets of the Company, both present and future, ranking pari-passu basis with other lenders.

— Axis Bank Limited for Non-Funded limits of Rs.25.00 Crores: First pari-passu charge on current assets of the Company.

— Axis Bank Limited for Working Capital of Rs.8.00 Crores and Non-Funded Limits of Rs.9.00 Crores in Rico Jinfei wheels Limited: First charge on current assets of the Company and second charge on the fixed assets of the Company, both present and future.

— Yes Bank Limited for Working Capital of Rs.8.00 Crores in Rasa Autocom Limited: Exclusive charge on all current assets, all movable and immoveable assets of the Company. Further secured by corporate guarantee of its Holding Company, Rico Auto Industries Limited and personal guarantee of Mr. Arvind Kapur, a relative of the Directors of the Company.

Security Details of Previous Year:

— State Bank of India for Working Capital of Rs.14.00 Crores & Non-Funded Rs.1.00 Crore: First pari-passu charge on all the current assets of the Company including all types of Stocks of raw material, stores, spares, stock-in-process, finished goods etc, lying in their premises, godowns, elsewhere including goods in transit and Company's book debts/receivables, both present and future.

— IDBI Bank Limited for Working Capital of Rs.20.00 Crores & Non-Funded Rs.5.00 Crores: First pari-passu charge on the entire current assets of the Company in the form of stock of raw materials, packaging materials, stock-in-process, finished goods, stores and consumables & receivables.

— HDFC Bank Limited for Working Capital of Rs.10.00 Crores: Hypothecation of Company's entire current assets including inventories, book debts both present and future.

— The Hongkong and Shanghai Banking Corporation Limited for Working Capital of Rs.20.00 Crores: First pari-passu charge on currents assets of the Company.

— Yes Bank Limited for Working Capital of Rs.5.00 Crores: First pari-passu charge on current assets of the Company.

— Citibank N.A. for Working Capital of Rs.12.54 Crores & Non-Funded Rs.1.36 Crores: First pari-passu charge on all present and future book debts and stocks of the Company.

— Standard Chartered Bank for Working Capital of Rs.41.20 Crores: First pari-passu charge on stock and book debts of the Company.

— DBS Bank Limited for Working Capital of Rs.10.00 Crores: First pari-passu charge on stock and book debts of the Company.

— State Bank of Patiala for Working Capital of Rs.30.00 Crores & Non-Funded Rs. 20.00 Crores: First charge over current assets of the Company ranking pari-passu basis with other lenders, both present & future.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

— Kotak Mahindra Bank Limited for Working Capital of Rs.2.00 Crores: First charge on all existing and future current assets of the Company.

— State Bank of Hyderabad for Working Capital of Rs.5.00 Crores: First charge over current assets of the Company, both present and future, ranking pari-passu basis with other lenders.

— Axis Bank Limited for Non-Funded limits of Rs.25.00 Crores: First pari-passu charge on current assets of the Company.

— Axis Bank Limited for Working Capital of Rs.8.00 Crores and Non-Funded Limits of Rs.9.00 Crores in Rico Jinfei wheels Limited: First pari-passu charge on current assets of the Company and second charge on all movable and immovable assets of the Company.

OTHER LOANS

Security Details of Current Year:

Other Loans from Banks and Companies are secured against hypothecation of the vehicles financed.

Security Details of Previous Year:

Other Loans from Banks and Companies are secured against hypothecation of the vehicles financed.

UNSECURED LOANS

Security Details of Current Year:

a) Unsecured Foreign Currency Loans are Buyers' Credit Facility taken from various Banks located outside India under secured Non-Funded Facilities sanctioned and guaranteed by Banks in India viz. Axis Bank Limited, DBS Bank Limited, IDBI Bank Limited, State Bank of Patiala, Standard Chartered Bank and Yes Bank Limited. It also includes a Packing Credit Foreign Currency Facility of Rs.40.00 Crores with sub limits of INR facility of Rs.30.00 Crores of Kotak Mahindra Bank Limited.

b) Unsecured Foreign Currency Loans in Rasa Autocom Limited and Rico Jinfei Wheels Limited are Buyers' Credit Facility taken from various Banks located outside India under secured Non-Funded Facilities sanctioned and guaranteed by Yes Bank Limited and Axis Bank Limited respectively.

Security Details of Previous Year:

a) Unsecured Foreign Currency Loans are Buyers' Credit Facility taken from various Banks located outside India under secured Non-Funded Facilities sanctioned and guaranteed by Banks in India viz. Axis Bank Limited, DBS Bank Limited, State Bank of Patiala, Standard Chartered Bank and Yes Bank Limited. It also includes a Packing Credit Foreign Currency Facility of Rs.30.00 Crores with sub limits of INR facility of Rs.20.00 Crores of Kotak Mahindra Bank Limited.

b) Unsecured Foreign Currency Loans in Rico Jinfei Wheels Limited are Buyers' Credit Facility taken from various Banks located outside India under secured Non-Funded Facilities sanctioned and guaranteed by Axis Bank Limited.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	As at March 31, 2012 (Rs. in Crores)	As at March 31, 2011 (Rs. in Crores)
Note 10 – TRADE PAYABLE		
Due to Micro & Medium Enterprises	**2.48**	4.20
Trade Payables		
Other than Acceptances	**81.76**	139.01
Acceptances	**40.95**	38.89
Bonus Payable	**0.07**	0.10
Due to related parties	**65.50**	44.18
Others	**11.54**	8.31
	202.30	234.69
Note 11 – OTHER CURRENT LIABILITIES		
Current Maturities of Long-Term Debts		
Foreign Currency Loan	**14.80**	1.85
Rupee Loan	**71.85**	65.37
Interest accrued but not due	**2.02**	1.87
Unclaimed Dividends	**0.36**	0.37
Income Tax deducted at source payable	**4.16**	3.62
Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax etc.)	**4.78**	3.84
Payable on purchase of fixed assets	**14.74**	9.47
Employee Benefits Payable	**6.00**	6.47
Interest Payable	**1.80**	1.94
Security Deposits	**2.17**	1.94
Advance From Customers	**9.99**	25.47
Other Liabilities	**1.63**	2.83
	134.30	125.04
Note 12 – SHORT TERM PROVISIONS		
Provision for Bonus	**1.71**	1.85
Provision for Gratuity	**4.07**	3.77
Provision for Compensated Absences	**21.97**	18.31
Dividend	**4.99**	5.67
Provision for Corporate Dividend Tax	**0.81**	0.92
Fair Valuation of Forward Contracts/Derivative Liabilities	**—**	0.02
	33.55	30.54

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 13 – FIXED ASSETS

TANGIBLE ASSETS

(Rs. in Crores)

Particulars	Cost as on 31.03.2011	GROSS BLOCK: Addition During the Year	Sale/Trf. During the Year	Effect of Foreign Curr. Exch. Diff.	Borrowing Cost Capitalised	Inter-unit Transfer Addition	Inter-unit Transfer Sale	Total Cost as on 31.03.2012	DEPRECIATION: Up to 31.03.2011	For The Year	On Sale/ Transfer	Inter-unit Transfer Add/Dep	Inter-unit Transfer Sale/Dep	Up to 31.03.2012	NET BLOCK: As on 31.03.2012	As on 31.03.2011
LAND																
(a) Freehold	21.59	**2.51**	—	—	**0.00**	**3.79**	**3.79**	**24.10**	—	—	—	—	—	—	**24.10**	21.59
(b) Leasehold	39.10	**3.07**	**13.57**	—	—	—	—	**28.60**	0.38	**0.13**	—	—	—	**0.51**	**28.09**	38.72
BUILDINGS	89.15	**18.10**	**0.01**	—	**1.20**	**3.56**	**3.56**	**108.44**	20.80	**3.91**	—	**0.64**	**0.64**	**24.71**	**83.73**	68.35
FURNITURE & FIXTURES	7.39	**1.53**	**0.67**	—	—	**0.11**	**0.05**	**8.31**	5.33	**0.49**	**0.41**	—	—	**5.41**	**2.90**	2.06
PLANT & EQUIPMENT	772.84	**55.05**	**42.03**	**4.97**	**0.81**	**76.20**	**76.20**	**791.64**	331.99	**61.92**	**9.58**	**24.90**	**24.90**	**384.33**	**407.31**	440.85
OFFICE EQUIPMENT	22.97	**2.61**	**3.36**	—	—	—	—	**22.22**	16.38	**2.34**	**2.87**	—	—	**15.85**	**6.37**	6.59
VEHICLES	14.56	**2.76**	**2.42**	—	—	**0.28**	**0.28**	**14.90**	9.23	**1.61**	**1.81**	**0.17**	**0.17**	**9.03**	**5.87**	5.33
TOTAL	967.60	**85.63**	**62.06**	**4.97**	**2.01**	**83.94**	**83.88**	**998.21**	384.11	**70.40**	**14.67**	**25.71**	**25.71**	**439.84**	**558.37**	583.49
INTANGIBLE ASSETS																
COMPUTER SOFTWARE	11.11	**0.92**	**0.70**	—	—	—	—	**11.33**	9.39	**0.54**	**0.42**	—	—	**9.51**	**1.82**	1.72
SUB TOTAL	11.11	**0.92**	**0.70**	—	—	—	—	**11.33**	9.39	**0.54**	**0.42**	—	—	**9.51**	**1.82**	1.72
TOTAL CURRENT YEAR	978.71	**86.55**	**62.76**	**4.97**	**2.01**	**83.94**	**83.88**	**1009.54**	393.50	**70.94**	**15.09**	**25.71**	**25.71**	**449.35**	**560.19**	585.21
PREVIOUS YEAR FIGURES	893.93	94.81	11.27	0.62	0.62	16.84	16.84	978.71	332.28	64.59	3.38	0.02	0.02	393.50	585.21	561.65
CAPITAL WORK - IN - PROGRESS																
Capital Work - in - progress															84.75	91.27

Note: Lease hold land includes Rs.28.60 Crores (Gross) of lands, in Rico - situated at Bhiwadi (Rajasthan), Oragadam (Chennai) & Singur (West Bengal), in Rasa Autocom Limited, Bawal (Haryana) and in Uttarakhand Automotives Limited, Sitarganj (Uttarakhand)(Previous year Rs.39.10 Crores).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	As at March 31, 2012 (Rs. in Crores)	As at March 31, 2011 (Rs. in Crores)
Note 16 – LONG TERM LOANS AND ADVANCES		
a) Capital Advances		
Unsecured, considered good	**12.61**	13.03
Less : Provision for doubtful advances	**(0.16)**	(0.16)
b) Security Deposits		
Unsecured considered good	**6.68**	4.62
c) Loans and Advances to Related Parties		
Unsecured considered good		
i) Rico Jinfei Wheels Limited - Joint Venture & Subsidiary Company	**3.14**	1.94
ii) Uttrakhand Automotives Private Limited - Subsidiary Company	**—**	—
iii) Rico Castings Limited - Directors Interested	**0.07**	—
d) Loans and Advances to Employees		
Unsecured considered good	**0.56**	0.47
e) MAT Credit Receivable	**1.45**	1.45
f) Prepaid	**0.04**	0.02
g) Others	**1.48**	2.39
	25.87	23.76
Note 17 – OTHER NON CURRENT ASSETS		
Fixed Deposit Accounts	**0.26**	0.18
	0.26	0.18
Note 18 – INVENTORIES		
(As valued and certified by the Management - cost or Realisable Value whichever is less)		
Stores & Spares (At Cost)	**47.67**	42.71
Raw Material & Components (At Cost)	**50.16**	46.74
Goods-in-Transit Raw Material & Components (At Cost)	**40.67**	41.75
Work-in-process (At Cost)	**14.19**	12.48
Finished Goods (At Cost or Realisable Value whichever is less)	**29.87**	26.51
Goods-in-Transit Finished Goods (At Cost or Realisable Value whichever is less)	**2.43**	2.18
	184.99	172.37
Note 19 – TRADE RECEIVABLE		
Unsecured considered good		
Outstanding for a period exceeding six months from the date they were due for payment	**3.24**	1.74
Other debts	**186.97**	157.79
	190.21	159.53
Note 20 – CASH AND CASH EQUIVALENTS		
Balances with Banks		
a) In Current Accounts	**5.66**	18.82
b) In Dividend Accounts	**0.36**	0.37
Cash on hand	**0.39**	0.22
	6.41	19.41

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	As at March 31, 2012 (Rs. in Crores)	As at March 31, 2011 (Rs. in Crores)
Note 21 – SHORT TERM LOANS & ADVANCES		
a) Security Deposits	**0.13**	0.19
b) Inter Corporate Deposits	**10.00**	10.00
c) Others:		
Loans & Advance to Employee	**0.85**	0.99
Advance to Suppliers	**24.72**	17.60
Advance from Related Parties	**—**	13.49
Advance Income Tax (Net)	**12.41**	13.23
Prepaid Expenses	**1.85**	1.77
Balance with Statutory/Government Authorities		
Service Tax	**9.66**	9.71
Excise Duty	**20.41**	22.34
Sales Tax	**1.05**	0.24
Export Incentive	**5.74**	3.72
Others	**8.98**	12.19
	95.80	105.47
Note 22 – OTHER CURRENT ASSETS		
Interest accured on Electricity Security	**0.16**	0.15
Insurance Claim Receivables	**0.26**	0.69
	0.42	0.84

	Year ended March 31, 2012 (Rs. in Crores)	Year ended March 31, 2011 (Rs. in Crores)
Note 23 – REVENUE FROM OPERATIONS		
Sales	**1620.63**	1404.76
Job work	**0.01**	0.05
Sale of Products	**1620.64**	1404.81
Other Operating Revenues		
Sale of Services - Support Services	**5.99**	4.50
Sales - Scrap	**6.84**	13.65
Miscellaneous Sales	**4.49**	5.94
Duty Draw Back & Other Export Incentives	**6.71**	2.46
	1644.67	1431.36
Note 24 – OTHER INCOME		
Interest Income	**3.12**	2.24
Dividend Income from Long Term Investments in Joint Venture	**—**	—
Net Gain on Foreign Currency Transactions and Translation	**6.47**	0.35
Rental Income from Operating Lease	**1.17**	1.45
Prior Period Items (Net)	**0.37**	0.23
Miscellaneous Income	**1.28**	3.17
VAT Concession	**0.75**	—
	13.16	7.44

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	Year ended March 31, 2012 (Rs. in Crores)	Year ended March 31, 2011 (Rs. in Crores)
Note 25 – COST OF MATERIAL CONSUMED		
Raw Material & Components (Refer Note No. 39)		
Opening Stock	**46.74**	33.45
Add : Purchase during the year	**959.09**	839.36
Less : Closing Stock	**50.16**	46.74
Raw Material & Components Consumed	**955.67**	826.07
Note 26 – CHANGE IN INVENTORY		
a) Work-in-Process		
Opening Stock	**41.75**	34.73
Closing Stock	**40.67**	41.75
	1.08	(7.02)
b) Finished Goods		
Opening Stock	**26.51**	16.33
Closing Stock	**29.87**	26.51
	(3.36)	(10.18)
Note 27 – EMPLOYEE BENEFIT EXPENSES		
Salaries & Wages	**159.66**	141.12
Contribution to Provident & Other Funds	**6.66**	5.72
Staff Welfare Expenses	**5.03**	4.18
	171.35	151.02
Note 28 – FINANCE COST		
a) Interest expenses on		
i) Borrowings	**32.17**	27.43
ii) Trade Payables	**5.49**	1.06
b) Other borrowing costs	**24.54**	24.06
c) Net (Gain)/ Loss on Foreign Currency Transactions and Translation	**8.23**	(0.15)
Total Financial Charges	**70.43**	52.40

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	Year ended March 31, 2012 (Rs. in Crores)	Year ended March 31, 2011 (Rs. in Crores)
Note 29 – OTHER EXPENSES		
Consumption of Stores & Spare Parts		
Mechanical Spares Consumed	**20.68**	16.27
Electrical Spares Consumed	**5.75**	4.83
Consumable Tools Consumed	**18.73**	21.14
Others Stores & Spares Consumed	**27.08**	25.59
Power & Fuel	**92.48**	85.92
Rent	**2.54**	2.11
Repairs and Maintenance - Buildings	**2.20**	1.29
Repairs and Maintenance - Machinery	**4.99**	3.75
Repairs and Maintenance - Others	**2.58**	2.51
Insurance	**1.99**	1.29
Rates & Taxes	**1.80**	1.63
Directors' Sitting Fees	**0.07**	0.03
Commission to Directors	**0.11**	0.10
Travelling & Conveyance	**6.92**	5.55
Payment to Auditors*	**0.38**	0.37
Advertisement & Publicity	**0.28**	0.28
Sales Promotion	**3.60**	2.95
Charity & Donation	**0.17**	0.24
Professional Charges	**4.73**	3.56
Vehicle Expenses	**3.78**	3.16
Printing & Stationery	**0.80**	0.77
Communication Expenses	**1.56**	1.50
Freight Outward Expenses	**17.26**	19.57
Staff Recruitment & Training	**0.78**	0.54
D.G.Hire Charges	**0.14**	0.16
Membership & Subscription	**0.05**	0.06
Electricity Expenses	**0.05**	0.16
Meeting Expenses	**0.01**	0.01
Testing Charges	**0.44**	0.33
Line Rejection, Re-Work & Warranty Claim	**5.61**	4.46
Balance Written Off	**0.18**	0.19
Foreign Exchange Fluctuation	**2.74**	2.09
Prior Period Items (Net)	**0.47**	0.43
Miscellaneous Expenses	**16.81**	17.96
	247.76	230.80
Note: * Payment to the Auditors comprises :		
As Auditors - Statutory Audit	**0.21**	0.20
For Taxation Matters	**0.10**	0.09
For Other Services	**0.04**	0.06
Reimbursement of Expenses	**0.03**	0.02
	0.38	0.37
Note 30 – EXCEPTIONAL ITEMS		
Loss/(Profit) on Sale of Assets	**(3.44)**	(9.58)
Loss/(Profit) on Sale of Investments	**(21.35)**	0.00
	(24.79)	(9.58)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 31 – The Profit & Loss Account of the Company includes Net Loss of Rs.4.50 Crores (Previous year Net Loss of Rs.1.59 Crores) on account of Foreign Exchange Fluctuation, details of the same are stated as below:

(Rs. in Crores)

Particulars	Current Year	Previous Year
Profit/Loss earned on Imports (Net)	**(3.29)**	(3.36)
Profit/Loss recognized on Exports (Net)	**7.66**	1.23
Profit/Loss on Buyers' Credit & Forward Contracts	**(2.73)**	(0.12)
Profit/Loss earned on Foreign Currency Loan	**(6.14)**	0.66
Total Amount (Net)	**(4.50)**	(1.59)

Note 32 – In view of several Subsidiaries and Joint Ventures of the Company, with each entity operating under different regulatory requirements in different countries and adopting different policies and disclosure, the information required under Accounting Standards (AS) 15 on Employee Benefits is not disclosed in Consolidated Financial Statements due to impracticability.

Note 33 – Segment wise Revenue, Results and Capital Employed:

(Rs. in Crores)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Segment Revenue		
a) Domestic	**1514.49**	1328.87
b) Overseas		
– USA	**94.61**	99.94
– UK	**55.87**	50.10
Total Income from Operations	**1664.97**	1478.91
Less : Inter Segment Revenue (USA)	**88.98**	98.71
Less : Inter Segment Revenue (UK)	**52.10**	48.15
Net Income	**1523.89**	1332.05
Segment Results (Profit before Tax & Interest from each Segment)		
a) Domestic	**100.64**	73.22
b) Overseas		
– USA	**3.00**	1.93
– UK	**1.60**	1.76
Total	**105.24**	76.91
Less : Interest (Net)	**70.43**	52.56
Total Profit before Tax	**34.81**	24.35
Capital Employed (Segment Assets less Segment Liabilities)		
a) Domestic	**365.05**	344.40
b) Overseas		
– USA	**11.57**	9.19
– UK	**3.48**	2.26
Total Capital Employed in Segments	**380.10**	355.85

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 34 – Related Party Disclosures:

Related Party Disclosures as required under Accounting Standard (AS-18), issued by the Institute of Chartered Accountants of India is as under:

A. Companies:

Name of the Company	Country of Incorporation	Nature of Relationship	Quantum of Interest
Rico Auto Industries Inc.	USA	Subsidiary	100%
Rico Auto Industries (UK) Limited	U.K.	Subsidiary	100%
Rasa Autocom Limited	India	Subsidiary	100%
Uttarakhand Automotives Limited	India	Subsidiary	100%
RAA Autocom Limited	India	Subsidiary	100%
AAN Engineering Industries Limited	India	Subsidiary	100%
Rico Jinfei Wheels Limited	India	Joint Venture & Subsidiary	92.50%
FCC Rico Limited	India	Joint Venture	50%
Magna Rico Powertrain Private Limited	India	Joint Venture	50%
Rico Castings Limited	India	Directors Interested	—
Octan Media Limited	India	Directors Interested	—
Kapbros Engineering Industries Limited	India	Directors Interested	—
Kapsons Associates Investments Private Limited	India	Directors Interested	—
Higain Investments Private Limited	India	Directors Interested	—
Raasaa Retail Private Limited	India	Directors Interested	—
Haridwar Estates Private Limited	India	Directors Interested	—

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

B. Key Management Personnel:

Name of Key Management Personnel		Name of Companies
Shri Arvind Kapur		
Vice Chairman, CEO & Managing Director	—	Rico Auto Industries Limited
Director	—	Rico Jinfei Wheels Limited
Director	—	FCC Rico Limited
Director	—	Octan Media Limited
Director	—	Unitech Machines Limited
Director	—	S. T. Limited
Director	—	Rico Auto Industries Inc.,USA
Director	—	Rico Auto Industries (UK) Limited, U.K.
Director	—	Kapsons Associates Investments Private Limited
Director	—	Higain Investments Private Limited
Director	—	Magpie Properties Private Limited
Drector	—	Raasaa Retail Private Limited
Director	—	Haridwar Estates Private Limited
Director	—	ASN Properties Private Limited
Director	—	KDB Investments Private Limited
Director	—	Alpha Maier Private Limited
Shri Arun Kapur		
Joint Managing Director	—	Rico Auto Industries Limited
Director	—	Rico Castings Limited
Director	—	Uttarakhand Automotives Limited
Director	—	Rasa Autocom Limited
Director	—	RAA Autocom Limited
Director	—	Octan Media Limited
Director	—	Kapbros Engineering Industries Limited
Director	—	Kapsons Associates Investments Private Limited
Director	—	Higain Investments Private Limited
Director	—	Magpie Properties Private Limited
Shri Rakesh Kapur		
Managing Director	—	Rico Castings Limited
Managing Director	—	Rico Jinfei Wheels Limited
Director	—	Rico Auto Industries Limited
Director	—	Uttarakhand Automotives Limited
Director	—	Rasa Autocom Limited
Director	—	RAA Autocom Limited
Director	—	Octan Media Limited
Director	—	Kapbros Engineering Industries Limited
Director	—	AAN Engineering Industries Limited
Director	—	Rico Auto Industries Inc.,USA
Director	—	Kapsons Associates Investments Private Limited
Director	—	Higain Investments Private Limited
Director	—	Magpie Properties Private Limited
Shri Tetsuo Mizutani		
Managing Director	—	FCC Rico Limited
Shri Bingzao Ge		
Director	—	Rico Jinfei Wheels Limited
Shri Hermann Peter Krug		
Chairman	—	Magna Rico Powertrain Private Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

C. Transactions between the Related Parties:

(Rs. in Crores)

Name of the related parties with whom the transactions have been made	Description of relationship with the party	Nature of Transactions	Amount 2011-2012	Amount Outstanding as on 31/03/2012
Rico Auto Industries Inc.,USA	Wholly Owned Subsidiary	Goods Sold	88.99	—
		Outstanding Receivable	—	27.71
		Investment Balance	0.12	—
Rico Auto Industries (UK) Limited, U.K.	Wholly Owned Subsidiary	Goods Sold	52.10	—
		Outstanding Receivable	—	21.32
		Investment Balance	0.17	—
FCC Rico Limited	Joint Venture	Goods Purchased	12.63	—
		Goods Sold	69.37	—
		Job Work Income	0.01	—
		Admn. Finance Support Service	11.45	—
		Outstanding Receivable	—	10.80
		Dividend Received	2.96	—
		Investment Balance	3.95	—
Managing Director/ Joint Managing Director/ other Directors	Key Management Personnel	Remuneration/Commission	5.85	—
Rico Castings Limited	Directors Interested	Goods Purchased	50.76	—
		Goods Sold	0.75	—
		Purchase of Machineries	0.21	—
		Outstanding Receivable	—	3.55
Rico Jinfei Wheels Limited	Joint Venture & Subsidiary	Goods Purchased	0.79	—
		Goods Sold	0.38	—
		Job Work Expenses	0.89	—
		Loan Received Back	22.03	—
		Guarantee Given	10.00	—
		Loan given during the year	34.44	—
		Loan given Outstanding (Interest bearing)	38.33	—
		Interest Received	4.09	—
		Outstanding Receivable	—	37.04
		Investment Balance	9.25	—
Continental Rico Hydraulic Brakes India Private Limited	Joint Venture	Goods Sold	4.11	—
		Rent Received	1.75	—
		Investment in Joint Venture	4.35	—
		Investment sale	55.00	—
		Outstanding Receivable	—	6.81
Magna Rico Powertrain Private Limited	Joint Venture	Goods Sold	1.67	—
		Purchase of machinery	0.17	—
		Rent Received	0.08	—
		Investment in Joint Venture	3.50	—
		Investment Balance	17.12	—
		Outstanding Receivable	—	0.42

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Transactions between the Related Parties Contd.

Rasa Autocom Limited	Wholly Owned Subsidiary	Goods Purchased	19.71	—
		Goods Sold	3.21	—
		Purchase of Machinery	7.69	—
		Sale of Machinery	2.76	—
		Loan Received Back	15.15	—
		Loan given during the year	13.25	—
		Loan given Outstanding (Interest bearing)	12.12	—
		Interest Received	2.20	—
		Investment Balance	0.08	—
		Guarantee Given	43.00	—
		Outstanding Receivable	—	10.57
Uttarakhand Automotives Limited	Wholly Owned Subsidiary	Loan given during the year	2.33	—
		Loan given Outstanding (Interest bearing)	20.62	—
		Investment Balance	0.41	—
		Interest Received	2.40	—
		Outstanding Receivable	—	20.62
RAA Autocom Limited	Wholly Owned Subsidiary	Purchase of Machinery	4.30	—
		Loan given during the year	1.30	—
		Loan given Outstanding (Interest bearing)	1.60	—
		Investment Balance	0.05	—
		Interest Received	0.55	—
		Outstanding Receivable	—	1.60
Kapsons Associates Investments Private Limited	Directors Interested	Rent Paid	0.35	—
Kapbros Engineering Industries Limited	Directors Interested	Goods Sold	0.09	—
		Miscellaneous Sales	0.25	—
		Sale of Machineries	15.35	—
		Job Work Expenses	14.89	—
		Outstanding Payable	—	0.22
Haridwar Estates Private Limited	Directors Interested	Loan given during the year	0.70	—
		Outstanding Receivable	—	9.37
AAN Engineering Industries Limited (Formerly Known as Rupak Automotive Industries Limited)	Wholly Owned Subsidiary	Rent Received	0.10	—
		Loan given during the year	0.14	—
		Loan given Outstanding (Interest bearing)	0.14	—
		Investment in Subsidiary	0.05	—
		Investment Balance	0.05	—
		Outstanding Receivable	—	0.23
KRP Auto Industries Limited	Joint Venture & Subsidiary	Investment Sale	20.30	—
Total		**Goods Sold**	220.67	—
		Goods Purchased	83.89	—
		Job Work Expenses	15.78	—
		Job Work Income Received	0.01	—
		Interest Received	9.24	—
		Rent Received	1.93	—
		Purchase of Machineries	12.37	—
		Miscellaneous Sales	0.25	—

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Transactions between the Related Parties Contd.

		Investment Sale	**75.30**	**—**
		Sales of Machineries	**18.11**	**—**
		Rent Paid	**0.35**	**—**
		Investment in Joint Ventures/Subsidiary	**7.90**	**—**
		Loan given during the year	**52.16**	**—**
		Loan Outstanding (Interest bearing)	**72.81**	**—**
		Loan received back	**37.18**	**—**
		Admn. Finance Support Service	**11.45**	**—**
		Investment Balance	**31.20**	**—**
		Gurantee Given	**53.00**	**—**
		Dividend Recived	**2.96**	**—**
		Remuneration/Commission	**5.85**	**—**
		Outstanding Receivable	**—**	**150.04**
		Outstanding Payable	**—**	**0.22**

Note 35 – Earning Per Share (EPS) - The numerators and denominators used to calculate Basic and Diluted Earnings Per Share:

Particulars		**Year ended March 31, 2012**	Year ended March 31, 2011
Net Profit after Income Tax (Rs. in Crores)	(A)	**22.46**	13.30
No. of Equity Shares (Weighted average)			
– Basic	(B)	**13,52,85,000**	13,03,34,781
– Diluted/Adjusted	(C)	**13,52,85,000**	13,52,85,000
Nominal Value per Equity Share (Rupee)		**1**	1
Earning Per Share before extra ordinary items (Rupee)			
– Basic	(A)/(B)	**1.66**	1.02
– Diluted/Adjusted	(A)/(C)	**1,66**	0.98
Earning Per Share after extra ordinary items (Rupee)			
– Basic	(A)/(B)	**1,66**	1.02
– Diluted/Adjusted	(A)/(C)	**1,66**	0.98

Note 36 – Deferred Tax (Assets)/Liabilities of Rs 4.48 Crore [Previous year Assets Rs.(1.38) Crores] for the current year has been charged to current year's profit. Deferred Tax (Assets)/Liabilities is mainly on account of timing difference in depreciation. The component of Deferred Tax (Assets)/Liabilities are as under:

(Rs. in Crores)

Particulars	**Current Year**	Previous Year
Deferred Tax on Depreciation and Business Loss	**(0.10)**	9.72
Tax Paid under MAT	**(3.39)**	(0.32)
Reversal of Deferred Tax Assets	**8.58**	(8.57)
Gratuity payable & Leave Encashment	**(0.64)**	(1.52)
Bonus	**0.11**	(0.63)
Warranty Claims	**(0.08)**	(0.04)
Loss on Sale of Fixed Assets	**—**	(0.02)
Deferred Tax (Assets)/Liabilities	**4.48**	(1.38)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 37 – Contingent Liabilities:

i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs.16.08 Crores (Previous year Rs.36.14 Crores).

ii) Bank Guarantees remaining outstanding Rs.3.63 Crores (Previous year Rs.4.14 Crores).

iii) Letters of Credit outstanding in favour of suppliers Rs.5.82 Crores (Previous year Rs.34.22 Crores).

iv) The Company has given corporate guarantees to the banks for two of its subsidiaries (a) Rasa Autocom Limited (wholly owned) for Rs.43.00 Crores (b) Rico Jinfie Wheels Limited (92.5% owned) for Rs.10.00 Crores during the year.

v) Disputed demands contested in appeals:
   a) Sales Tax Rs.0.43 Crore (Previous year Rs.6.54 Crores).
   b) Central Excise & Service Tax Rs.11.09 Crores (Previous year Rs.5.83 Crores).
   c) Local Area Development Tax (LADT) Rs.0.01 Crore (Previous year Rs.0.01 Crore).
   d) Income Tax Rs. 4.74 Crores (Previous year Rs.11.16 Crores).
   e) Customs Duty/Show Cause Notice Rs.0.07 Crore (Previous year Rs.0.07 Crore).
   f) Short Assessment on account of Maximum Demand Indicator DHBVN Rs.5.60 Crores (Previous year Rs.Nil).

vi) Surety Bonds executed in favour of the President of India, under Export Promotion Capital Goods Scheme (EPCG) for importing Capital Goods at concessional rate of custom duty, amounting to Rs.121.03 Crores (Previous year Rs.122.09 Crores).

vii) Based on favourable judgments in similar cases, legal opinions taken by the Company, discussions with the solicitors, etc. the Company believe that there is fair chance of decisions in favour in respect of the items listed at (v)(a)(b)(c)(d)(e) and (f) above and hence no provision has been considered necessary against the same.

Note 38 – In pursuance of Micro, Small & Medium Enterprises Development Act, 2006, the details of sum which is outstanding at the year end are as follows:

(Rs. in Crores)

Particulars	**Year ended March 31, 2012**	Year ended March 31, 2011
The Principal amount remaining unpaid as at the end of the year	**2.48**	5.14
Interest due on above principal and remaining unpaid as at the end of the year	**—**	—
Amount of interest paid by the buyer in terms of Section 16 along with the amounts of the payments made to suppliers beyond the appointed day during each accounting year Interest paid	**NIL**	NIL
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 Micro Small and Medium Enterprises Development Act, 2006	**NIL**	NIL
The amount of the interest accrued and remaining unpaid at the end of each accounting year	**NIL**	NIL
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to small enterprise for the purpose of disallowance as a deducible expenditure U/S 23 of the Micro, Small and Medium Enterprises Development Act, 2006	**NIL**	NIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 39 – Composition of Imported and Indigenous Raw Material (including Components and Spares) consumed and percent age of each to total consumption:

(Value Rs. in Crores)

	Year ended March 31, 2012		Year ended March 31, 2011	
	Value	**Percentage to Total Consumption**	Value	Percentage to Total Consumption
1. ALUMINIUM ALLOY				
Indigenous	**244.28**	**100%**	217.70	99.85%
Imported	**—**	**—**	0.33	0.15%
2. PIG IRON & STEEL SCRAP				
Indigenous	**68.67**	**100%**	65.28	100.00%
Imported	**—**	**—**	—	—
3. OTHER MATERIALS & COMPONENTS				
Indigenous	**590.45**	**85.71**	552.43	98.11%
Imported	**98.45**	**14.29%**	10.62	1.89%
4. STORES & SPARE PARTS				
Indigenous	**78.67**	**95.24%**	76.19	86.77%
Imported	**3.93**	**4.76%**	6.21	13.23%

— Consumption includes interunit Rs.58.82 Crores (Previous year Rs.52.06 Crores).

Note 40 – CIF VALUE OF IMPORTS

(Rs. in Crores)

	Year ended March 31, 2012	Year ended March 31, 2011
Capital Goods	**33.74**	40.22
Raw Materials	**89.80**	84.68
Components	**4.19**	1.61
Stores & Spares	**6.86**	7.43
Trading Goods	**1.04**	19.44

Note 41 – EXPENDITURE IN FOREIGN CURRENCY

(Rs. in Crores)

	Year ended March 31, 2012	Year ended March 31, 2011
Bank Charges	**0.01**	0.02
Travelling Expenses	**0.80**	0.58
Professional Charges	**0.61**	0.42
Repair & Maintenance (Machinery)	**0.03**	0.03
Royalty	**11.27**	5.62
Foreign Personnel Deputation Expenses	**2.11**	1.16
Remittance in Foreign Currency	**—**	2.39
Others	**4.65**	7.43

Note 42 – EARNING IN FOREIGN CURRENCY

(Rs. in Crores)

	Year ended March 31, 2012	Year ended March 31, 2011
F.O.B. Value of Export	**188.13**	185.60
Others	**12.96**	10.32

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 43 – According to the information and explanations given to us, the Company has given Guarantees to the banks of two of its Subsidiaries (a) Rasa Autocom Limited (wholly owned) for Rs.43.00 Crores (b) Rico Jinfei Wheels Limited (92.5% owned) for Rs.10.00 Crores during the year. The terms and conditions of those banks are not prejudicial to the interests of the Company.

Note 44 – The Company has sold the entire 475680 fully paid-up equity shares of Rs.100/- each of its Joint Venture and Subsidiary Company namely KRP Auto Industries Limited to the other Joint Venture Partner namely Kailash Royal Premium Projects Private Limited. The entire consideration of Rs.20.30 Crores including the amount of premium towards our investment has been received and consequently, said Joint Venture and Subsidiary ceased on 12th December, 2011. The transaction does not involve any profit/loss and also there is no impact on business operation of the Company.

Note 45 – The Company has sold the entire 5,50,00,000 fully paid-up equity shares of Rs.10/- each of its Joint Venture Company namely Continental Rico Hydraulic Brakes India Private Limited to the other Joint Venture Partner Group Company namely Continental Automotive Holding Netherlands BV. The entire consideration of Rs.48,61,06,000 towards our investment has been received and consequently, said Joint Venture ceased on 9th March, 2012.

Note 46 – The other Notes to Accounts containing inter-alia explanatory material & security particulars on secured loans have not been included here as the same are disclosed in the accounts of respective Companies under consolidation.

Note 47 – Some of the balances under Sundry Creditors, Sundry Debtors and Loan & Advances are subject to reconciliation and confirmation.

Note 48 – Disclosure requirement in respect of Subsidiary/Joint Venture Companies have been disclosed to the extent available from their audited/unaudited accounts.

Note 49 – Grouping and heads of accounts of the Subsidiaries and the Joint Ventures have been re-arranged in terms of presentation of those of Parent Company wherever necessary.

Note 50 – During the year on 12th May, 2011 name of Rupak Automotive Industries Limited has been changed to Aan Engineering Industries Limited (Wholly Owned Subsidiary Company).

Note 51 – Previous year figures:

For the year ended 31st March, 2011, the Company has prepared and presented its financial statements as per applicable pre revised Schedule VI of the Companies Act, 1956. For the year ended 31st March, 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company. The Company has reclassified previous year figures to confirm to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly the presentation of balance sheet.

RICO AUTO INDUSTRIES LIMITED

Regd. Office : 69 KM Stone, Delhi-Jaipur Highway, Dharuhera, Distt. Rewari–122106 (Haryana)

ATTENDANCE SLIP

PLEASE COMPLETE THE ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

NAME AND ADDRESS OF THE SHAREHOLDER

_____

_____

_____

_____

DP. Id*	
Client Id*	
Folio No.	
No. of Shares held	

I hereby record my presence at the 29th Annual General Meeting of the Company held on Saturday, the 29th September, 2012 at 12.00 Noon at 69 KM Stone, Delhi-Jaipur Highway, Dharuhera, Distt. Rewari–122106 (Haryana).

* Applicable for Shareholding in electronic form
** Strike out whichever is not applicable

_____
SIGNATURE OF THE SHAREHOLDER/PROXY**

RICO AUTO INDUSTRIES LIMITED

Regd. Office : 69 KM Stone, Delhi-Jaipur Highway, Dharuhera, Distt. Rewari–122106 (Haryana)

PROXY FORM

DP. Id*	
Client Id*	

Folio No.	
No. of Shares held	

I/We _____

of _____ being a member/members

of Rico Auto Industries Limited hereby appoint _____

of _____

or failing him _____

of _____

as my/our Proxy to attend and vote for me/us and on my/our behalf, at the 29th Annual General Meeting of the Company to be held on Saturday, the 29th September, 2012 at 12.00 Noon and/or at any adjournment thereof.

_____
Signature of the Shareholder(s)

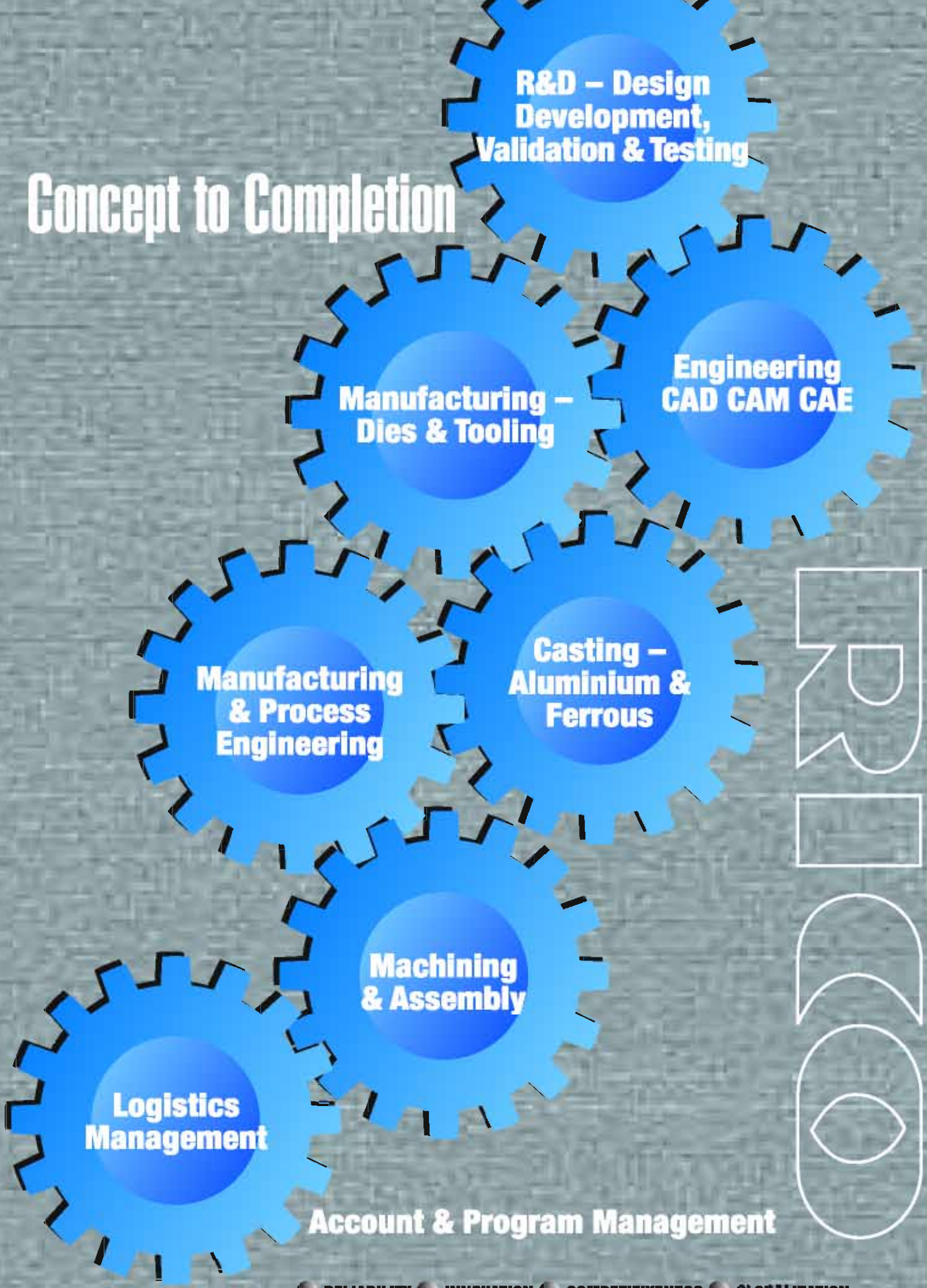
Signed _____ day of _____ 2012

*Applicable for Shareholding in electronic form

Affix
Fifteen Paise
Revenue
Stamp

Note : The Proxy Form must be deposited at the Registered Office of the Company not less than FORTY-EIGHT HOURS before the time for holding the meeting. The Proxy need not be a member of the Company.

Concept to Completion



RIOG

RELIABILITY INNOVATION COMPETITIVENESS GLOBALIZATION

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