

RAIL:SEC:2016

September 24, 2016

BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400001 Scrip Code - 520008	National Stock Exchange of India Limited Exchange Plaza, 5 th Floor, Plot No.C/1, G Block Bandra-Kurla Complex Bandra (E) Mumbai - 400 051 Scrip Code - RICOAUTO
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Sub : **33rd Annual Report**

Dear Sir/Madam,

Please find attached herewith the soft copy of 33rd Annual Report for the financial year 2015-16 for your reference and record.

Thanking you,

Yours faithfully,
For **Rico Auto Industries Limited**


B.M. Jhamb
Company Secretary
FCS : 2446

Encl : As above

RICO

RELIABILITY
INNOVATION
COMPETITIVENESS
GLOBALIZATION



RICO - Made in India with Pride



RICO - Made in India with Pride

RICO 2015-2016

Financial Highlights

Standalone

(Rs. in Crores)

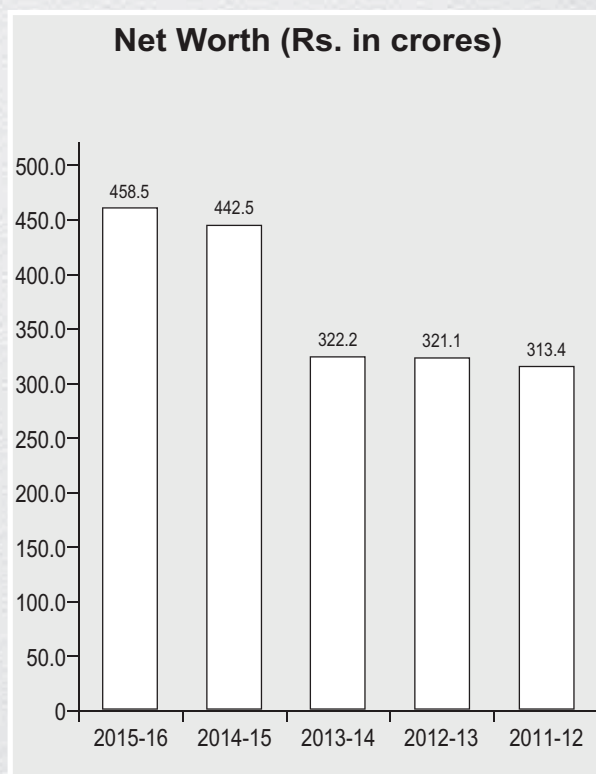
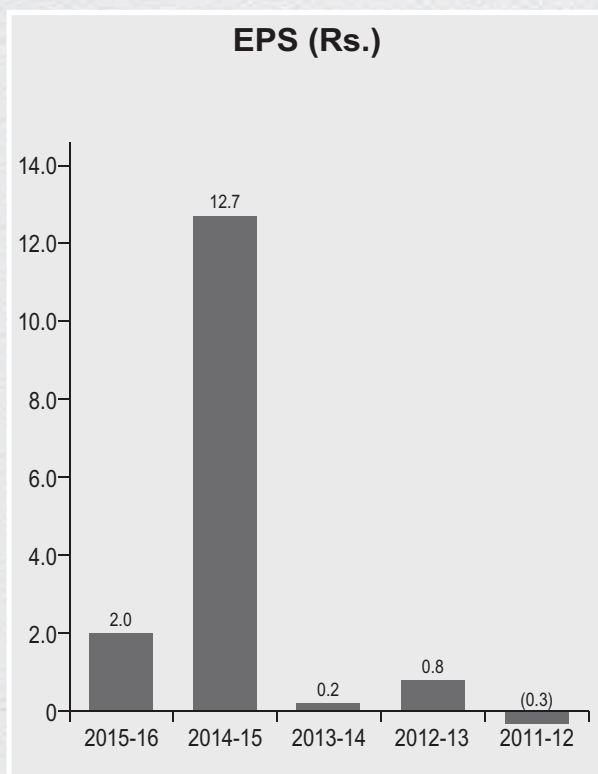
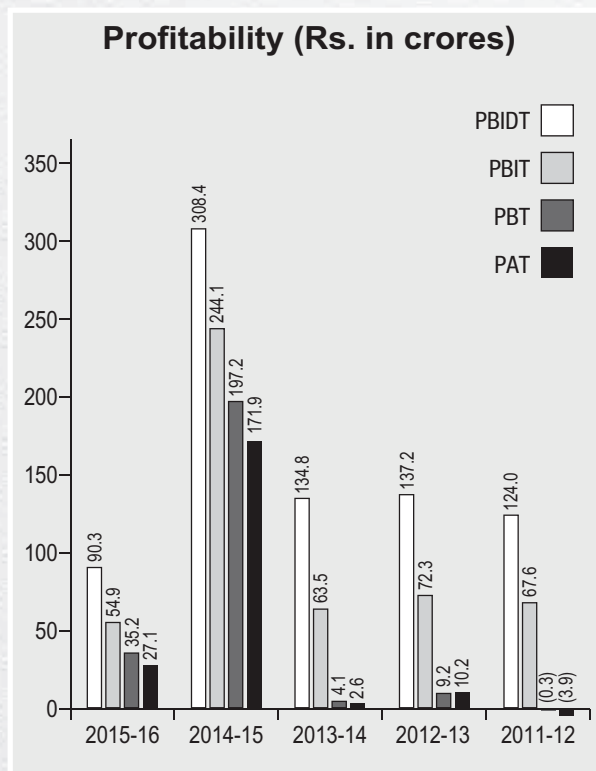
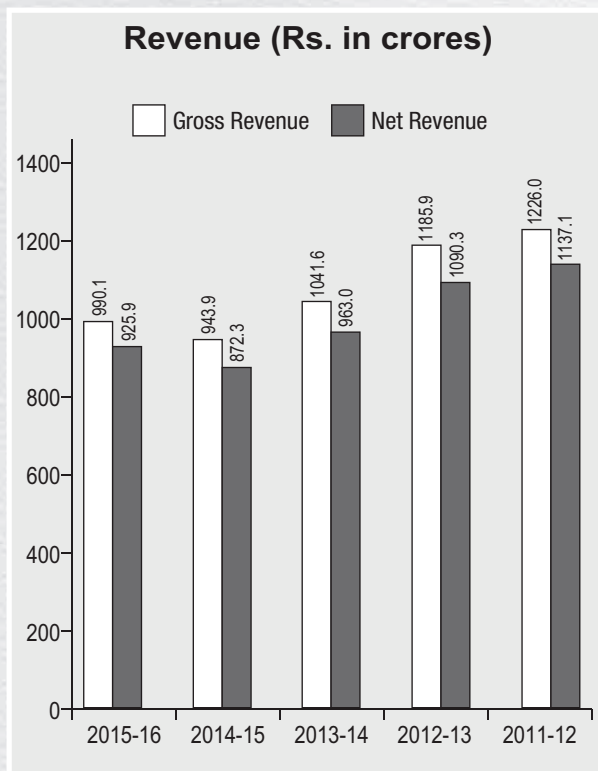
Particulars	2015-16	2014-15#	2013-14	2012-13	2011-12#
Gross Revenue	990.1	943.9	1041.6	1185.9	1226.0
Net Revenue	925.9	872.3	963.0	1090.3	1137.1
PBITD	90.3	308.4	134.8	137.2	124.0
Depreciation	35.4	64.2	71.3	64.9	56.4
PBIT	54.9	244.1	63.5	72.3	67.6
Interest	19.7	47.0	59.4	63.1	67.9
PBT	35.2	197.2	4.1	9.2	(0.3)
Income Tax	7.6	48.4	2.5	5.1	0.1
Deferred Tax	(0.1)	(22.5)	(1.1)	(5.7)	3.6
MAT Credit Receivable	(1.2)	0.0	0.0	0.0	0.0
Previous Year Income Tax	1.7	(0.6)	0.0	(0.3)	0.0
PAT	27.1	171.9	2.6	10.2	(3.9)
Dividend (Including Tax)	9.8	48.7	1.6	2.4	2.4
Gross Fixed Assets (Incl. CWIP)	744.6	695.9	1068.7	1025.9	926.1
Net Fixed Assets (Incl. CWIP)	343.3	325.7	539.6	562.9	519.1
Net Current Assets*	141.9	135.8	(47.0)	67.3	146.4
Equity Share Capital	13.5	13.5	13.5	13.5	13.5
Reserves & Surplus	445.0	429.0	308.7	307.6	299.9
Deferred Tax Liabilities	11.4	11.5	35.4	36.5	38.5
Total Loan Funds	223.4	180.1	279.0	416.8	428.4
Key Ratios (%)					
Operating Margin (PBITD/Net Revenue)	9.7	35.4	14.0	12.6	10.9
ROCE (PBIT/Avg. Capital Employed)	8.3	38.4	9.0	9.3	8.5
RONW (PAT/Avg. Net Worth)	6.0	45.0	0.8	3.2	(1.2)
Per Share Data (Rs)					
EPS	2.0	12.7	0.2	0.8	(0.3)
Cash EPS	4.6	17.5	5.5	5.6	3.9
Book Value	33.9	32.7	23.8	23.7	23.2
Dividend (%)	60	300	10	15	15
Net worth	458.5	442.5	322.2	321.1	313.4

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

Loss of 2011-12 includes loss on sale of assets and investments.

Profit of 2014-15 includes capital gain on sale of investments in J.V. Company – FCC Rico Limited.

Standalone



RICO 2015-2016

Financial Highlights

Consolidated Group

(Rs. in Crores)

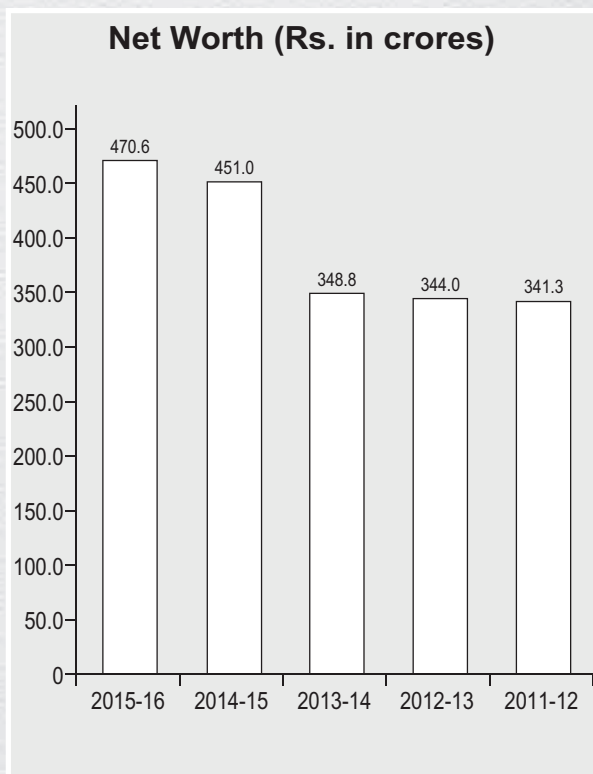
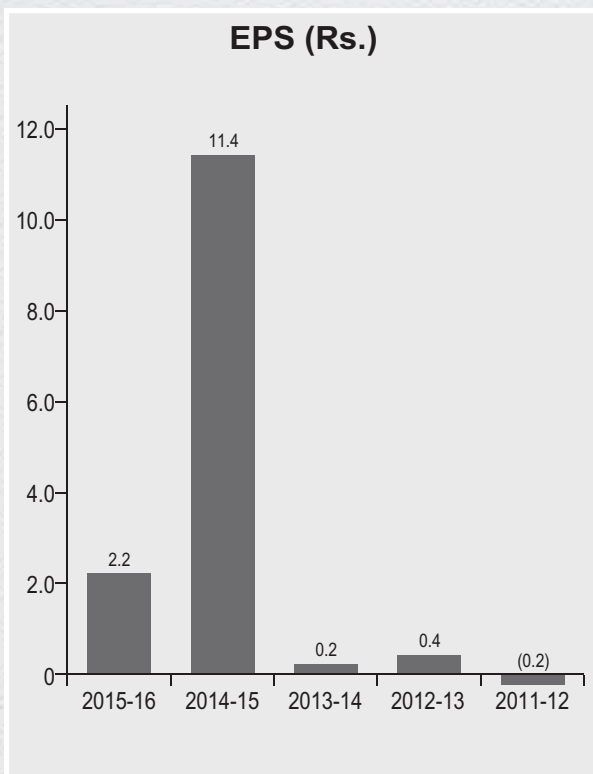
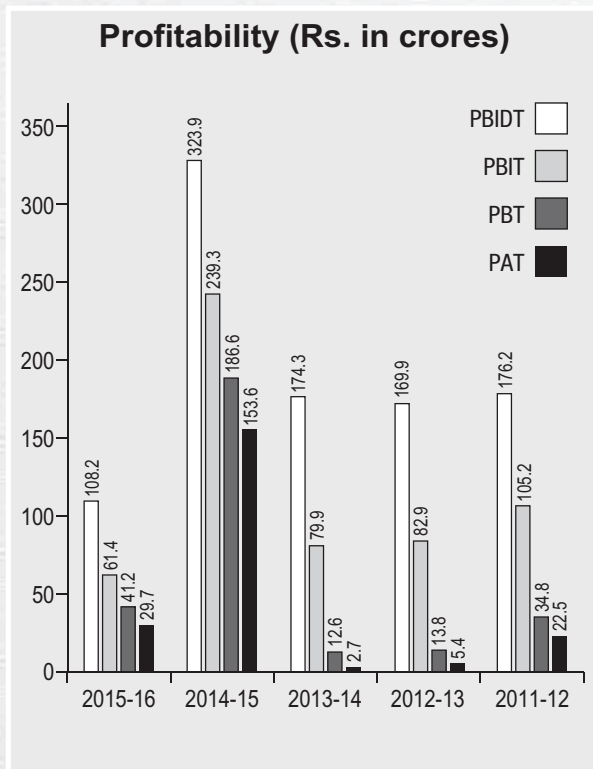
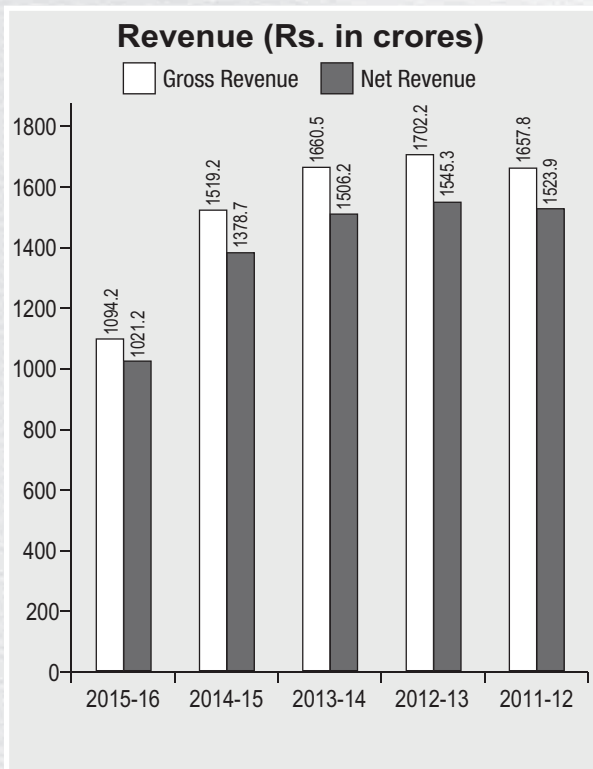
Particulars	2015-16	2014-15#	2013-14	2012-13	2011-12#
Gross Revenue	1094.2	1519.2	1660.5	1702.2	1657.8
Net Revenue					
Rico Auto Industries Limited	925.9	872.3	963.0	1090.3	1137.1
Rico Auto Industries Inc. USA	145.0	91.0	85.4	78.9	94.6
Rico Auto Industries (UK) Limited UK	40.8	37.3	56.4	50.8	55.9
FCC Rico Limited (50%)	0.0	409.6	480.4	431.1	378.4
Continental Rico Hydraulic Brakes India Pvt. Ltd. (50%)	0.0	0.0	0.0	0.0	15.5
Magna Rico Powertrain Private Limited (50%)	34.2	31.2	23.2	17.9	10.0
Rico Jinfei Wheels Limited (93.5%)	73.9	98.1	52.0	50.5	36.3
Uttarakhand Automotives Limited	8.7	11.0	0.0	0.0	0.0
Rasa Autocom Limited	40.4	14.9	14.8	9.1	16.8
Rico Aluminium and Ferrous Auto Components Limited	260.7	5.9	0.0	0.0	0.0
Rico Investments Limited	5.9	0.1	0.0	0.0	0.0
AAN Engineering Industries Limited	0.3	0.0	0.0	0.0	0.0
Less : Inter Company Sales	(514.7)	(192.6)	(169.0)	(183.3)	(220.8)
Net Revenue	1021.2	1378.7	1506.2	1545.3	1523.9
PBITD	108.2	323.9	174.3	169.9	176.2
PBIT	61.4	239.3	79.9	82.9	105.2
PBT	41.2	186.6	12.6	13.8	34.8
PAT	29.7	153.6	2.7	5.4	22.5
Gross Fixed Assets (Incl. CWIP)	1066.7	834.4	1308.7	1242.8	1094.3
Net Fixed Assets (Incl. CWIP)	458.1	441.8	707.1	729.0	644.9
Net Current Assets*	182.3	165.0	(2.1)	125.1	194.3
Equity Share Capital	13.5	13.5	13.5	13.5	13.5
Reserves & Surplus	457.1	437.5	335.3	330.5	327.8
Deferred Tax Liabilities	11.9	11.6	37.5	40.4	38.8
Total Loan Funds	227.0	186.1	349.5	499.1	479.4
Key Ratios (%)					
Operating Margin (PBITD/Net Revenue)	10.6	23.5	11.6	11.0	11.6
ROCE (PBIT/Avg. Capital Employed)	9.1	34.6	9.9	9.5	12.4
RONW (PAT/Avg. Net Worth)	6.4	38.4	0.8	1.6	6.8
Per Share Data (Rs)					
EPS	2.2	11.4	0.2	0.4	(0.2)
Cash EPS	5.6	11.4	7.2	6.8	5.1
Net Worth	470.6	451.0	348.8	344.0	341.3

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

Loss of 2011-12 includes loss on sale of assets and investments.

Profit of 2014-15 includes capital gain on sale of investments in J.V. Company – FCC Rico Limited.

Consolidated Group



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W

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

RICO 2015-2016

Key Milestones

2015-16	<ul style="list-style-type: none">• Foundation Stone laid for new manufacturing plant at Pathredi, Bhiwadi (Rajasthan)• Chennai Plant started commercial production• Bawal Plant fully operational	
2014-15	<ul style="list-style-type: none">• Sold stake in JV company namely FCC Rico	
2010-14	<ul style="list-style-type: none">• Added new facilities/Plants at – Bawal, Bhiwadi, Sanand, Chennai, Haridwar & Manesar• Added Customers – Musashi, GKN, Toyota, Bentley, VW, Kohler, Avtec	
2007-09	<ul style="list-style-type: none">• JV with MAGNA Powertrain (Oil Pump, Water Pump)• JV with Jinfei China (Aluminum Alloy Wheels – 2 Wheelers)• New Customers for Exports – JATCO, Magna, Renault, BMW	FORD Q1 CAT SQEP-Bronze
2004-06	<ul style="list-style-type: none">• R&D Center Started• Added Customers – NISSAN, TATA (Small Car Project), Perkins	
2003-04	<ul style="list-style-type: none">• Enhanced Ferrous and Aluminium Capacity• New Customers for Exports – Caterpillar, Honeywell, Detroit Diesel, Volvo	
2000-02	<ul style="list-style-type: none">• Full Service Engineering Design Development Capability• New Customers for Exports – FORD, Land Rover, Jaguar	TS 16949, ISO 14001 OHSAS 18001
1999-00	<ul style="list-style-type: none">• Expansion of Aluminium Die Casting & Machining (Gurgaon)	QS 9000
1994-96	<ul style="list-style-type: none">• JV (50:50) FCC RICO (Clutch Assembly)• Started Exports – GM, Eaton, Cummins	
1990-92	<ul style="list-style-type: none">• International Market OEM Supplier – MEC Japan• New Plant for Ferrous Casting & Machining (Gurgaon) Focus – Maruti Suzuki	ISO 9000
1985-86	<ul style="list-style-type: none">• Technical Collaboration FCC Japan for clutches• Commercial Production Started (1986)• Aluminium Die Casting & Machining (Dharuhera) Focus – Hero Honda & Maruti Suzuki	

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Team and Corporate Information

Board of Directors

Arvind Kapur	<i>Chairman, CEO & MD</i>
Kanwal Monga	<i>Independent Director</i>
Amarjit Chopra	<i>Independent Director</i>
Dr. Ashok Seth	<i>Independent Director</i>
Satish Sekhri	<i>Independent Director</i>
Rajeev Kapoor	<i>Independent Director</i>
Vinod Kumar Nagar	<i>Independent Director</i>
Rakesh Kapur	<i>Non-Executive Director</i>
Upasna Kapur	<i>Non-Executive Director</i>
Arun Kapur	<i>Joint Managing Director</i>

Rico Executive Committee (REC)

Surendra Singh
Sanjay Syal
R K Miglani
M K Jain
R Dharna
Sandeep Rajpal
Abhishek Kulshrestha

Advisors

O P Aggarwal
R S Kundi
N K Sethi

Chief Financial Officer

Sanjay Syal

Company Secretary

B M Jhamb
FCS No. 2446

Bankers (in alphabetical order)

Axis Bank Limited
Export Import Bank of India
IDBI Bank Limited
Kotak Mahindra Bank Limited
RBL Bank Limited
State Bank of Patiala
Syndicate Bank
Yes Bank Limited

Auditors

Walker Chandio & Co LLP
Chartered Accountants
New Delhi, India

Registered Office & Dharuhera Plant

69 KM Stone, Delhi-Jaipur Highway
Dharuhera, District Rewari - 122106
Haryana, India
CIN : L34300HR1983PLC023187
website: www.ricoauto.com

Corporate Office & Gurgaon Plant

38 KM Stone, Delhi-Jaipur Highway
Gurgaon - 122001
Haryana, India

Registrar & Transfer Agent

MCS Share Transfer Agent Limited
F-65, Okhla Industrial Area, Phase I
New Delhi - 110020, India

RICO 2015-2016

MATERIAL CHANGES AND COMMITMENTS

There was no change in the nature of the business of the Company. There were no material changes and commitments affecting the financial position of the Company occurring between 31st March, 2016 and the date of this Report.

CREDIT RATING

The India Ratings and Research Private Limited – the Credit Rating Agency, has assigned the credit ratings based on a consolidated view of the Company and its Subsidiaries business on the back of their similar business profile, Common Treasury and Management Team, as given below:

Credit Ratings:

Particulars	Ratings
Long Term Issuer Ratings	IND BBB+Stable
INR 1600m Term Loans	IND BBB+Stable
– INR 1550m Fund and Non-fund based Working Capital Limits	IND BBB+Stable
– Short Term	IND A2+
– INR 670m Non-fund based Limits	IND BBB+Stable
– Short Term	IND A2+

FIXED DEPOSITS

The Company has not accepted deposits from the public during the year under review.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (MDA)

Pursuant to Regulation 34(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, MDA which forms part of this Report is annexed.

RISK MANAGEMENT

Business risk evaluation and management is an ongoing process within the Company. The same is further discussed in Management Discussion and Analysis, which forms part of this Report. Risk Management Committee has been formed which is responsible for business risk evaluation and mitigation plans.

SECRETARIAL STANDARDS

The Company is in compliance with the Secretarial Standard of ICSI pertaining to Board Meeting and General Meeting.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The adequacy of Internal Financial Controls is discussed in Management Discussion and Analysis, which forms part of this Report.

CORPORATE GOVERNANCE

A separate report on Corporate Governance along with General Shareholders information as prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed as a part of this Report, along with the Certificate from the Practising Company Secretary regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the erstwhile Listing Agreement and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

AUDIT COMMITTEE

Your Company has an Audit Committee to meet the requirements of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Details of the Audit Committee are given under the Corporate Governance Report. There are no recommendations of the Audit Committee which were not accepted by the Board.

NOMINATION AND REMUNERATION COMMITTEE

Your Company has a Nomination and Remuneration Committee to meet the requirements of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Details of the Nomination and Remuneration Committee are given under the Corporate Governance Report. The Nomination and Remuneration Policy is annexed and forms part of this Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The CSR activities of the Company are being taken care by the CSR Committee. The details about the policy on Corporate Social Responsibility (“CSR”) including initiatives taken on CSR, annual report on CSR activities and the composition of CSR Committee are annexed and forms part of this report. The Policy is available on the website of the Company i.e <http://www.ricoauto.com/investor-relation.html>.

VIGIL MECHANISM

The Company has established Vigil Mechanism/Whistle Blower Policy for Directors, Employees, Clients, Vendors, Suppliers and Contractors as an avenue to report concerns including unethical behavior, actual or suspected, frauds or violation of the Company's code of conduct. The same meets the requirements of Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is available on the website of the Company i.e <http://www.ricoauto.com/investor-relation.html>.

RELATED PARTY TRANSACTIONS

The Company has duly approved policies for determining the Material Subsidiaries and Material Related Party Transactions. These Policies are available on the website of the Company i.e <http://www.ricoauto.com/investor-relation.html>. All contracts/ arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on arm's length basis. The details are provided in Form AOC-2 which is annexed and forms part of this Report. Please also refer Note 45 to the standalone financial statements for related party disclosures.

LISTING OF EQUITY SHARES

The Equity Shares of your Company are presently listed on the BSE Limited and National Stock Exchange of India Limited. The Annual Listing Fees have been paid for the financial year 2016-17.

EXTRACT OF ANNUAL RETURN

The Extract of Annual Return in Form MGT-9 is enclosed and forms part of this report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Particulars of investments made and loans given are provided in the standalone financial statements. (Please refer to note 14, 15, 17, 21 & 33 of the standalone financial statements).

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RICO 2015-2016

2014 and forming part of this Report for the year ended 31st March, 2016 are set out in the Annexure of this Report. However, the Annual Report excluding the Annexure is being sent to the Members of the Company in terms with the provisions of Section 136 of the Companies Act, 2013. Member who is interested in obtaining these particulars may write to the Company Secretary at the Corporate Office of the Company. The said information is also available for inspection by Members at the Corporate Office and Registered Office of the Company during working hours upto the date of the ensuing Annual General Meeting.

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace. The Policy is placed on the intranet for the benefit of its employees. There were no complaints received from any employee during the year under review.

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, business associates and shareholders.

On behalf of the Board of Directors

Arvind Kapur

Chairman, CEO &
Managing Director
(DIN: 00096308)

Place : Gurgaon
Date : 29th July, 2016

ANNEXURE TO DIRECTORS' REPORT

INFORMATION UNDER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2016.

The details of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo are as follows:

A. CONSERVATION OF ENERGY

i) Steps taken or impact on conservation of energy

Energy Conservation measures taken:

Energy Conservation is an ongoing process with us, taken as a challenge. The various measures taken by your Company are:

- a) Using natural gas as a fuel for Power Generation, Heating & Baking Applications.
- b) Installation of Light pipes for utilization of solar day light in Shop Floor.
- c) Reduce energy consumption through:
 - Installation of LED Lights in place of Metal Halide Lights.
 - LED 20 Watt Low Power Consumption Lights in place of 40 Watt Tube Lights with Choke.
 - Replacement of Existing High way 250 Watt Light fittings with 120 watt LED Light.
- d) Installation of Roof top Solar Power System.
- e) Installation of Reverse Osmosis (RO) Plant for further recovery of treated water from RO waste water.
- f) Installation of LT Capacitor for improving power factor near to unity.

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

ii) Steps taken by the Company for utilizing alternate sources of energy

The Company is planning for rooftop Solar Power System.

iii) Capital Investment on Energy Conservation Equipment

No capital investment has been made during 2015-16.

B. TECHNOLOGY ABSORPTION

i) Efforts made towards technology absorption

- a) For development of structural parts in future by Aluminum High Pressure Die Casting, bench marking study was done by meetings with various technology experts, material experts & analysis of information available in public domain.
- b) While developing die casting cell for cylinder block in Chennai Plant, all the functionality & learning of previous casting cell in Bawal Plant were implemented with auxiliary equipments developed in house & locally.
- c) While developing Special Purpose Machines (SPM) for differential case, special tooling developed with Indian Suppliers by consulting various solutions available, various in house & external trials and analysis.
- d) While developing the automatic casting cell for transmission housing & cover, process & auxiliary equipment were developed in house.
- e) While developing new products various improvements alternatives were analyzed & optimized with the help of casting process simulation software.
- f) While doing cycle time improvements in various parts, various layouts & feeding system were analyzed with the help of casting process simulation software.

ii) Benefits derived like product improvement, cost reduction, product development or import substitution

- a) Cylinder Block Process – Highly productive consistent process & cost reduction.
- b) Differential Case Tooling – Import substitution & cost reduction.
- c) Automatic Casting cell for Transmission Housing & Cover - Productivity & Product Quality consistency.

- | | | | |
|----|---|---|----------------|
| c) | Capital Work-in-Progress during the year 2015-16 | : | Nil |
| d) | Recurring Expenditure | : | Rs.6.54 crores |
| e) | Depreciation | : | Rs.0.45 crore |
| f) | Total (b to e) | : | Rs.6.99 crores |
| g) | Total R&D expenditure as percentage to total turnover | : | 0.71% |

Total Foreign Exchange used and earned:

(Rs. in Crores)

Particulars	2015-2016	2014-2015
i) Expenditure in foreign currency	28.99	28.23
ii) Foreign Exchange earned	237.50	184.36

The rate of growth in Europe was better than that of the US, however, the sales numbers are not close to the highs made in the previous decade. Automakers in certain European countries still face low profits or losses.

RICO 2015-2016

The automobile sales growth in China has halved to 7.3 percent in 2015 compared to 16 percent in 2013. Similar conditions prevail in Russia, Brazil and other emerging economies.

Indian Automobile Industry

In 2015-16, automobile industry saw a marginal growth of 2.6 percent in production, over the previous year. In total, the industry produced 23.9 million vehicles including passenger vehicles, commercial vehicles, three wheelers, two wheelers and quadricycle in 2015-16. In terms of sales, the performance of various categories can be summarized as below:

Indian Automobile Sales (2015-16)	Growth Year-on-Year
Passenger Vehicles	7.24%
Commercial Vehicles	11.51%
Three Wheelers	1.03%
Two Wheelers	3.01%
Exports	1.91%

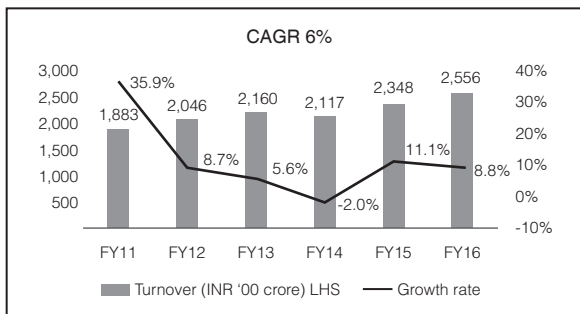
Source: SIAM

Overall growth in the automobile sector was supported by slew of product launches, softening interest rates and declining trend in fuel prices. The 'Make in India' initiative by the government has started showing 'green shoots' and the business climate is expected to only improve going forward. This should result in favourable demand trend for Indian automobile industry. Your Company is well poised to leverage this change in economic climate to step up growth & enhance shareholder value.

Indian Auto-Component Industry

As per Automotive Component Manufacturers Association of India (ACMA), the turnover of India's Auto Component Manufacturing Industry grew at 8.8 percent in 2015-16 to Rs.2.55 lac crore. Overall, it suggests a CAGR of 6 percent over the last six years. The exports for 2015-16 grew by 3.5 percent with USA and Europe accounting for 61 percent of total exports.

Turnover of Indian Auto Component Industry: 2015-16



Source: ACMA

(Note: Turnover includes supplies to OEMs, aftermarket sales and exports)

The Association believes that the Indian Auto Component Industry will grow in double digits in 2016-17. The optimism is the on back of signs of recovery in the auto market in the country and prospects of a better monsoon. The 'Make in India'

initiative and thrust on increased localization by OEMs should prove beneficial for the sector over the medium to long term.

The Automotive Mission Plan 2016-26 has set an ambitious targets for growth and development of the Auto Component Industry. The following table provides current and projected composition of the Auto Component Industry over the next decade.

Targets set: Automotive Mission Plan 2016-26

(Rs. in Crores)

Particulars	FY15	FY26 (Base case)	FY26 (Optimistic case)
Systems/Components (Domestic)	125,100	445,000	549,000
Component exports	69,000	436,700	462,500
Component after market	39,900	178,700	200,000
Total	234,000	1,060,400	1,211,500
CAGR		14.7%	16.1%

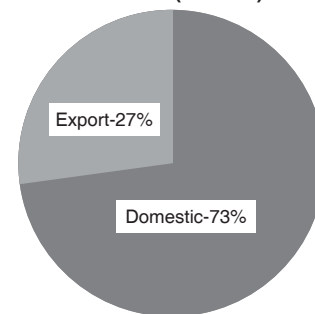
Source: SIAM, AMP 2016-26

Such an ambitious plan, throws open immense opportunities for your Company as well as other Auto Component Manufacturers in India.

COMPANY REVIEW

Rico Auto Industries Limited (RICO) is an integrated Auto Component Manufacturer present in the value chain from 'Design to Delivery'. RICO manufactures and supplies Aluminium and Ferrous Machined Components and Assemblies to Original Equipment Manufacturers (OEMs) and Tier-1 customers across the globe.

RICO's Revenue Classification (2015-16)



OPPORTUNITIES, THREATS AND BUSINESS OUTLOOK

It has been your Company's constant endeavour to look for opportunities in the sector to cater to the domestic and export markets and to maintain growth momentum.

From April 2016, your Company has commenced commercial production at the new greenfield plant at Chennai to supply Auto Components to Renault – Nissan. In the first phase, the Company has installed capacity of 150,000 sets p.a. for making engine parts including cylinder blocks. The plant would start running at full capacity by third quarter of 2016-17. The Company is targeting South India based customers and is also looking for

Your Company's borrowings and limits have been assigned following ratings by India Ratings and Research Pvt. Ltd. The ratings have been assigned based on a consolidated view of your Company and its subsidiaries business on the back of their similar business profile, common treasury and management team. Ratings assigned as below:

Particulars	Ratings
Long Term Issuer Ratings	IND BBB+Stable
INR 1600m Term Loans	IND BBB+Stable
– INR 1550m Fund and Non-fund based Working Capital Limits	IND BBB+Stable
– Short Term	IND A2+
– INR 670m Non-fund based Limits	IND BBB+Stable
– Short Term	IND A2+

Gross revenue of Rs.990.05 crores was recorded in the financial year ended 31st March, 2016 as against a revenue of Rs.943.90 crores in the previous year, a growth of 4.9 percent. The total revenue for the financial year ended 31st March, 2016 includes export revenue of Rs.249.00 crores as against Rs.192.00 crores in the previous year, a growth of 30 percent.

Total debt outstanding as on 31st March, 2016 stands at Term Loan & Buyers Credit of Rs.139.68 crores and Working Capital Loan of Rs.83.73 crores aggregating to Rs.223.41 crores as against Term Loan & Buyers Credit of Rs.55.40 crores and Working Capital Loan of Rs.124.73 crores aggregating to Rs.180.13 crores in the previous year. Low cost funds have substituted high cost loans, improving the finance cost.

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

We are fully aware of risks and are therefore implementing a 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.

The Company has constituted a Rico Executive Committee (REC) to look after the day to day affairs. It reports to the Managing Director and Board of Directors. The major functions of REC are to set a strategic direction, ensure speedy operational decisions, good internal controls, statutory compliances and risk management.

The Company has effective and adequate internal control systems commensurate with the size and scale across all areas of operations to ensure compliance of applicable laws and regulations. The internal control systems are periodically reviewed and updated by the Internal Auditors. A system exists for periodic monitoring and reporting of the results of internal audits and internal control self-assessments. The Audit Committee and Board of Directors in their meetings review the progress of implementation of the recommendations of internal audits.

At RICO, our people have always been our most valued resource and their development is our prime focus. We support our people with continuous in-house and external trainings and boost their morale & performance through employee engagement activities like Kaizen Awards, Quality Circle, Family Connect Program, Sports Activity & Town Hall meetings etc.

There are 2850 employees including 1456 contractual employees in the Company as on 31st March, 2016.

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

Emergency preparedness through periodic drills, safety and health awareness through competitions, campaigns and event celebrations are part of regular EHS Practice which enhance employee involvement.

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

INFORMATION TECHNOLOGY

During the current year, the Company is planning to integrate PLM (Product Lifecycle Management) with existing IT/SAP systems. Also various SAP upgradations are planned including compatability with GST related functional aspects.

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

On 16th February 2015, the Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Rules, 2015 (the 'Rules') defining the roadmap of applicability of these Accounting Standards on the various group of companies. Being a Listed Company in BSE with net-worth exceeding Rs.250.00 crores and below Rs.500.00 crores as on 31st March, 2014, Indian Accounting Standards (hereinafter referred to as the "IndAS") is applicable to the Company from Financial Year 2017-18 onwards with transition date being 1st April, 2016.

Research & Development activities at Rico are the key drivers in maintaining its leadership position in the industry, winning customer confidence & giving competitive advantages in manufacturing of Aluminium & Ferrous Components having application in Automotive Industry. R & D Team has developed various new products for its customers across the globe, localized various new technologies, optimized products & processes, developed new processes to meet new automobile emission norms. R & D Team has also developed the capability of developing and manufacturing Special Purpose Machines with CNC Controls for meeting customer requirements for more accuracies, improved cycle time and more process capabilities.

Rico has leveraged the casting process simulation technology in optimizing the product, formulating efficient design concepts, improving yield & rejection etc.

To keep the pace with manufacturing world, Rico is leveraging “Industry 4.0” revolution drivers like use of virtual simulations to the real production process to improve time to market & productivity, automation in manufacturing process for decision making & resource optimization.

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.

COMPANY'S PHILOSOPHY

The Company is in compliance with the requirements of Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the compliance report for the period from 1st April, 2015 to 31st March, 2016 on the Corporate Governance is given below:

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, 2016 are as follows:

Name of the Director	DIN	Number of Committees		Number of other Directorship held#	Shareholding as on 31/03/2016
		Membership held #	Chairmanship held#		
Non-Executive Independent Directors					
Shri Kanwal Monga	00153473	—	—	1	Nil
Shri Amarjit Chopra	00043355	1	3	2	Nil
Dr. Ashok Seth	00050540	—	—	—	25000
Shri Satish Sekhri	00211478	5	—	4	1900
Shri Rajeev Kapoor	02051466	1	—	—	Nil
Shri Vinod Kumar Nagar	02487061	2	—	2	Nil
Non-Executive Directors					
Shri Rakesh Kapur	00100359	1	—	6	2398720
Smt. Upasna Kapur*	00327461	—	—	—	966920
Executive & Promoter Directors					
Shri Arun Kapur Joint Managing Director	00100270	1	—	4	8651160
Shri Arvind Kapur Chairman, CEO & MD	00096308	1	—	6	12652460

There are no pecuniary relationship or transactions of Independent Directors vis-à-vis the Company. Only two Committees viz. the Audit Committee and Stakeholders Relationship Committee are considered for the purpose of ascertaining the membership and chairmanship of the Directors. None of the Director is either a member of more than ten aforesaid Board Committees or Chairman of more than five such Committees.

RICO 2015-2016

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 as prescribed under the Companies Act, 2013. The remuneration being paid is recommended by the Nomination and Remuneration Committee followed by the approval from the Board, Shareholders and the Central Government, if required. No sitting fee is being paid to them.

B. Board Meetings

The Board meets at regular intervals to discuss and decide on business strategies/policies and review the financial performance of the Company. In case of business exigencies the Board's approval is taken by way of circular resolutions. The circular resolutions are noted at the subsequent Board Meeting.

The notice of each Board Meeting is given in writing to each Director. The Agenda along with the relevant notes and other material information are sent in advance separately to each Director and in exceptional cases tabled at the meeting. This ensures timely and informed decisions by the Board. The attendance of Directors at the Board Meetings and at the last Annual General Meeting is as under:

Name of the Director	No. of Board Meetings		Attended Last AGM*
	Held	Attended	
Shri Kanwal Monga	5	3	No
Shri Amarjit Chopra	5	5	Yes
Dr. Ashok Seth	5	2	No
Shri Satish Sekhri	5	5	No
Shri Rajeev Kapoor	5	3	No
Shri Vinod Kumar Nagar	5	5	No
Shri Rakesh Kapur	5	5	Yes
Smt. Upasna Kapur ⁽¹⁾	5	3	Yes
Shri Arun Kapur	5	5	Yes
Shri Arvind Kapur	5	4	Yes

*32nd Annual General Meeting (AGM) held on 29th September, 2015 at the Registered Office of the Company.

⁽¹⁾Smt. Upasna Kapur was appointed as Director w.e.f. 19th June, 2015.

The Board met five times during the financial year 2015-16. The meetings were held on 28/05/2015, 12/08/2015, 06/11/2015, 05/02/2016 and 10/03/2016. The interval between any two meetings was well within the maximum period of 120 days.

C. 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 to be taken.

D. Familiarisation Programme for Independent Directors

The Company from time to time familiarises the Independent Directors about the Company, its product, business and the ongoing events relating to the Company through presentations. The appointment of an Independent Director is formalised by issuing a letter to the Director, which inter alia explains the role, function, duties and responsibilities expected of him as a Director of the Company. The Executive Director of the Company also provides a brief of the development in the industry and business operations of the Company to the Directors at the Board Meetings on regular basis. The details of familiarization programmes imparted to Independent Directors is available on the website of the Company viz. <http://www.ricoauto.com/investor-relation.html>

E. Independent Directors

During the year under review, the Independent Directors met on 5th February, 2016, inter alia:

- To review the performance of Non-Independent Directors and the Board as a whole;
- To review the performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors; and
- To assess the quality, quantity and timelines of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All the Independent Directors were present at this meeting except Shri Rajeev Kapoor.

The Board of Directors have constituted Committees to deal with specific areas and activities which concern the Company and need a closer review. The Board Committees are formed with approval of the Board and function under their respective Charters. These Board Committees play an important role in overall management of day-to-day affairs and governance of the Company. The Board Committees meet at regular intervals, takes necessary steps to perform its duties entrusted by the Board. To ensure good governance, the Minutes of the Committee Meetings are placed before the Board on regular basis.

A. AUDIT COMMITTEE

- Reviewing of financial reporting system, internal controls system, discussion on financial results and interaction with auditors;
- Recommendation for the appointment of Auditors and their remuneration;
- Reviewing of internal audit reports and significant related party transactions; and
- Reviewing the function of Vigil Mechanism/Whistle Blower Policy.

Name of the Director	Position held	Number of Meetings	
		Held	Attended
Shri Amarjit Chopra	Chairman	7	7
Shri Satish Sekhri	Member	7	7
Shri Rajeev Kapoor	Member	7	6
Shri Vinod Kumar Nagar	Member	7	7

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

- Recommend to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel and Senior Management.
- Fixation of salary, perquisites etc. of all Executive Directors of the Company at the time of their appointment/re-appointment.
- Deciding commission payable to Executive Directors.
- Formulate the criteria for determining qualification, positive attributes and independence of a Director.
- Identify persons who qualify to become Director and who may be appointed in Senior Management and recommend to the Board for their appointment.

At present, the Nomination and Remuneration Committee consists of the four Directors, all being Independent and Non-Executive Directors. The Committee Meeting was held on 18/06/2015 during the financial year 2015-16. The composition and attendance is as under:

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

The Committee has formulated evaluation criteria for Independent Directors which is broadly based on knowledge & expertise to perform the role, competency and professional experience, board engagement & time commitment and integrity & honesty.

The Non-Executive Directors are entitled to sitting fee and commission based on Net Profit of the Company, as per provisions of the Companies Act, 2013 to be divided among them as may be determined by the Nomination and Remuneration Committee, Board of Directors and the Shareholders of the Company.

Remuneration to the Managing Director and Joint Managing Director is governed by resolutions passed by the Nomination and Remuneration Committee, Board of Directors and Shareholders of the Company, which cover 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 percent as stipulated in Section 197 & 198 of the Companies Act, 2013. 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 the period from 17th December, 2014 to 16th December, 2017. The details and terms of appointment and remuneration are as covered under the resolutions passed by the Shareholders.

Besides the above, there are no other pecuniary relationships or transactions with the Company.

(Rupees' 000)

*Smt. Upasna Kapur was appointed as Director w.e.f. 19th June, 2015.

The Company has adopted a policy relating to the remuneration for Directors, Key Managerial Personnel, Senior Management and other Employees of the Company. The same is annexed with the Directors' Report and also is available on the website of the Company viz. <http://www.ricoauto.com/investor-relation.html>

The remuneration policy is directed towards rewarding performance, based on review of achievements. It is aimed at attracting and retaining high caliber talent.

At present the Company has no stock option plans.

C. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee consists of two Independent and one Non-Executive Director. The composition and attendance is as under:

Name of the Director	Position held	Number of Meetings	
		Held	Attended
Shri Amarjit Chopra	Chairman	4	4
Shri Vinod Kumar Nagar	Member	4	4
Shri Rakesh Kapur	Member	4	4

The Stakeholders Relationship Committee met four times during the financial year 2015-16. The meetings were held on 27/05/2015, 12/08/2015, 06/11/2015 and 05/02/2016. The Committee deals in matters relating to redressing of investors complaints such as non-receipt of shares, non-receipt of dividends and other related matters.

The Minutes of each Committee Meeting are placed before the meetings of the Board. Shri B.M. Jhamb, Company Secretary acts as Secretary to the Committee and is also the Compliance Officer.

The total number of complaints received and replied to the satisfaction of shareholders during the year ended 31st March, 2016 were thirty six. There were no pending complaints as on 31st March, 2016.

D. SHARE TRANSFER COMMITTEE

The Share Transfer Committee consists of one Independent, one Non-Executive and two Executive Directors. The composition and attendance is as under:

Name of the Director	Position held	Number of Meetings	
		Held	Attended
Shri Arvind Kapur	Chairman	9	8
Shri Vinod Kumar Nagar	Member	9	9
Shri Arun Kapur	Member	9	9
Shri Rakesh Kapur	Member	9	9

The Share Transfer Committee met nine times during the financial year 2015-16. The meetings were held on 30/04/2015, 28/05/2015, 07/07/2015, 12/08/2015, 08/09/2015, 22/09/2015, 23/10/2015, 07/12/2015, and 18/03/2016. The Committee deals in matters relating to transfer and transmission of shares, issue of duplicate and split share certificates, review of dematerialized and rematerialized shares.

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

E. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The "Corporate Social Responsibility Committee" has been constituted pursuant to the provisions of Section 135 of the Companies Act, 2013 consisting of two Independent, one Non-Executive and one Executive Director. The Committee Meeting was held on 05/02/2016 during the financial year 2015-16. The composition and attendance is as under:

Name of the Director	Position held	Number of Meetings	
		Held	Attended
Shri Rajeev Kapoor	Chairman	1	—
Dr. Ashok Seth	Member	1	1
Shri Arun Kapur	Member	1	1
Shri Rakesh Kapur	Member	1	1

The Minutes of Corporate Social Responsibility Committee Meetings are placed before the meeting of the Board of Directors. The Company Secretary acts as Secretary to the Committee. The Company has CSR Policy which is available at Company website <http://www.ricocauto.com/investor-relation.html>. The Corporate Social Responsibility Report for the financial year 2015-16 is annexed with the Directors' Report.

3. DETAILS OF GENERAL BODY MEETINGS

Financial Year	Type of Meeting	Location of Meeting	Date	Time
2012-2013	30 th Annual General Meeting	Registered Office	30/09/2013	12.00 Noon
2013-2014	31 st Annual General Meeting	Registered Office	30/09/2014	12.00 Noon
2014-2015	32 nd Annual General Meeting	Registered Office	29/09/2015	12.00 Noon

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

30th AGM (30/09/2013)

1. No Special Resolution was passed in this meeting.

31st AGM (30/09/2014)

1. Approval for borrowing limits upto Rs.900.00 Crores.
2. Approval for creation of Charge/Mortgage upto Rs.900.00 Crores.

32nd AGM (29/09/2015)

1. Approval for Payment of Commission to Non-Executive Directors for the period from 1st April, 2015 to 31st March, 2020.
2. Approval for Re-appointment of Shri Arun Kapur (CIN:00100270) as Joint Managing Director and Payment of Remuneration.
3. Approval of Related Party Transactions.
4. Approval for Adoption of new set of Articles of Association of the Company pursuant to the provisions of Companies Act, 2013.

Postal Ballot

No Special Resolutions were put through Postal Ballot during the last financial year. At the ensuing Annual General Meeting there is no Resolution proposed to be passed through Postal Ballot.

4. DISCLOSURES

- i) **Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large:**

Kindly refer to the notes forming part of accounts for the details of Related Party Transactions. There are no materially significant Related Party Transactions, which have potential conflict with the interests of the Company at large.

All Related Party Transactions are presented to the Audit Committee and Board. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature.

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

No penalties, strictures were imposed on the Company by Stock Exchanges or SEBI or by any Statutory Authorities, on any matter relating to capital markets, during the last three years. However, the Company paid a fine to BSE and NSE towards delay in appointment of Women Director. The Women Director was appointed on 19th June, 2015.

- iii) **Whistle Blower Policy and affirmation that no personnel has been denied access to the Audit Committee:**

In compliance with the SEBI Regulation the Audit Committee of the Company has approved the policy/mechanism on dealing with Whistle Blowers. The Audit Committee reviews the same as and when required. The said policy/mechanism is also available on Company's website at <http://www.ricoauto.com/investor-relation.html>. During the Financial Year under review no complaint was received to be referred to the Audit Committee and no person was denied access to the Audit Committee.

- 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 Company has prepared its financial statement as per the Accounting Standards prescribed by Institute of Chartered Accountants of India (ICAI). There is no deviation in the Accounting Treatment.

- vi) **Preferential Issue:**

During the financial year 2015-16, no Preferential Issue was made.

- vii) **Management Discussion and Analysis (MDA):**

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

- viii) **Compliance with Mandatory Requirements:**

The Company has obtained a Certificate from the Company Secretary in Practice to the effect that the Company has complied with the conditions of the Corporate Governance. The same is annexed and sent alongwith the Annual Report of the Company to all the Shareholders and to the Stock Exchanges.

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

The Compliance Status of the Non-Mandatory requirements of the Regulation 27(1) of the Listing Regulations is as under:

a) **The Board**

Maintenance of Chairman Office - As the Company has an Executive Chairman, disclosure is not required.

b) Shareholder Rights

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

c) 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.

d) **Separate posts of Chairman and CEO**

The Executive Chairman is also holding the position of CEO and Managing Director.

e) Reporting of Internal Auditor

The Internal Auditor reports directly to the Audit Committee.

x) **Related Party Transaction**

The Company has adopted policies on material subsidiaries and dealing with related party transactions which are available on the website of the Company viz. <http://www.ricoauto.com/investor-relation.html>

xi) Commodity Price Risk/Foreign Exchange Risk and Hedging Activities

The Company manages its Commodity Price Risks by Linked Indexation with its customers which is settled quarterly as per benchmark reference. Similarly on Foreign Exchange Risk the Company has Robust Exports and enjoys a Natural Hedge over the Imports/Borrowings denominated in Foreign Currency. It has an elaborate Forex Policy which is approved by the Board.

5. MEANS OF COMMUNICATION

i) Quarterly/Annual Results are published in the following Newspapers:

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

ii) Quarterly/Annual Results and Shareholding Pattern are displayed on Company's website at <http://www.ricoauto.com/investor-relation.html> and all important/price sensitive informations are submitted to the BSE/NSE where the shares of the Company are listed and these Stock Exchanges display these announcements on their respective websites.

iii) The Company's official press releases and any presentation made to the Institutional Investors or/and Analysts are displayed on website of the Company viz. <http://www.ricoauto.com/investor-relation.html>

iv) The Shareholder Information section forms part of the Report.

6. RECONCILIATION OF SHARE CAPITAL AUDIT REPORT

Shri K.K. Sachdeva of M/s. K.K. Sachdeva & Associates, Company Secretaries (CP No.4721, FCS No.7153) 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, 2016 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 Meetings from time to time for confirmation.

7. CODE FOR PREVENTION OF INSIDER TRADING PRACTICES

In compliance with the SEBI Regulations, the Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code. All Board Directors and the designated employees have confirmed compliance with the Code.

8. DIVERSITY ON THE BOARD OF THE COMPANY

The Company aims to enhance the effectiveness of the Board by diversifying its composition and to obtain the benefit out of such diversity in better and improved decision making. In order to ensure that the Board of the Company has appropriate balance of skills, experience and diversity of perspectives that are imperative for the execution of its business strategy, the Company considers a number of factors, including but not limited to skills, industry experience, background, race and gender.

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

Shri Arvind Kapur, Chairman & Managing Director is Chief Executive Officer, Shri Sanjay Syal is Chief Financial Officer and Shri B.M. Jhamb, Company Secretary is Compliance Officer.

10. 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 <http://www.ricoauto.com/investor-relation.html>. 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:

As provided under Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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, 2016.

Place : Gurgaon
Date : 19th May, 2016

Arvind Kapur
Chairman, CEO &
Managing Director
(DIN: 00096308)

11. 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, Chairman, Chief Executive Officer & Managing Director and Sanjay Syal, Chief Financial Officer 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 Financial Statements and the Cash Flow Statement for the year ended 31st March, 2016 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, 2016 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.

Sanjay Syal
Chief Financial Officer

Place : Gurgaon
Date : 19th May, 2016

Arvind Kapur
Chairman, CEO &
Managing Director
(DIN: 00096308)

1. Annual General Meeting

- ## 2. Financial Calendar

- Financial Year : 1
- st
- April to 31
- st
- March

First quarter ended June 30, 2015	: August 12, 2015
Second quarter and half year ended September 30, 2015	: November 06, 2015
Third quarter ended December 31, 2015	: February 02, 2016
Fourth quarter and year ended March 31, 2016	: May 19, 2016

First quarter ended June 30, 2016 (announced)	: July 29, 2016
Second quarter and half year ending September 30, 2016	: November, 2016
Third quarter ending December 31, 2016	: February, 2017
Fourth quarter and year ending March 31, 2017	: May, 2017

- | | | | |
|----|---|---|---|
| 3. | Dates of Book Closure | : | 17 th September, 2016 to 23 rd September, 2016
(both days inclusive). |
| 4. | Dividend Payment Date | : | Final Dividend @ Re.0.10 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 – 122 106 (Haryana) India |
| 6. | Registrar and Transfer Agent
(Common for Physical Transfer
as well as Dematerialisation of Shares) | : | M/s. MCS Share Transfer Agent Limited
F-65, Okhla Industrial Area
Phase I, New Delhi – 110 020 |
| 7. | Plant Locations | | |

7. Plant Locations

Dharuhera Plant

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

Gurgaon Plant

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

Haridwar Plant

Plot No.1, Industrial Park IV, Village Begumpur,
Distt. Haridwar – 249 403 (Uttarakhand) India

Sanand Plant

Plot No.D2, Tata Motors Vendor Park, Village Sanand,
P.O. Viroch Nagar, Ahmedabad – 382 170 (Gujarat) India

Chennai Plant

Plot No.A9, SIPCOT Industrial Growth Centre,
Oragadam, Chennai – 602 105 (Tamilnadu) India

Bawal Plant

Plot No.23, HSIIDC, Phase-II,
Distt. Rewari – 122 001 (Haryana) India

Bawal Plant : Rico Jinfei Wheels Ltd.

Plot No.22, HSIIDC Phase-II,
Distt. Rewari – 122 001 (Haryana) India

Bawal Plant : Rasa Autocom Ltd.

Plot No.21, HSIIDC Phase-II,
Distt. Rewari – 122 001 (Haryana) India

Manesar Plant : Rico Aluminium & Ferrous Auto Components Ltd.

Plot No.84, Sector – 8, IMT Manesar,
Gurgaon – 122 050 (Haryana) India

Manesar Plant : Rico Jinfei Wheels Ltd.

Plot No.397, Sector-8,IMT Manesar,
Gurgaon – 122 050 (Haryana) India

Manesar Plant : Magna Rico Powertrain Pvt. Ltd.

Plot No.11, Sector-8, IMT Manesar,
Gurgaon – 122 050 (Haryana) India

Pathredi Plant : (Under Construction)

Plot No.SP3 – 800 & 801, Industrial Area Pathredi,
Distt. Alwar – 301 019 (Rajasthan) India

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8. Share Transfer System Physical

The transfer, transmission, remats, 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 are transferred and returned within a period of 15 days from the date of receipt, provided that the documents are in order in all respects. The Company obtains from a Company Secretary in Practice half-yearly certificate to the effect that all Share certificates have been issued within thirty days of the date of lodgement of the transfer, sub division, consolidation and renewal as required under Regulation 40(9) of the Listing Regulations and files copy of the said certificate with Stock Exchanges.

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. The Annual Custody Fees for the Financial Year 2016-17 have been paid to the Depositories.

9. Listing on Stock Exchanges

The Company's shares are listed on the following Stock Exchanges and the Annual Listing Fees for the Financial Year 2016-17 have been paid to the Exchanges:

Name & Address of Stock Exchanges	Stock Codes/ Scrip Code	ISIN Number for NSDL/CDSL (Dematerialised shares)
BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400 001	520008	INE209B01025
National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra(East), Mumbai – 400 051	RICOAUTO	

10. 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 BSE Limited and National Stock Exchange of India Limited.

Break-up of Shares in Physical and Demat segment as on 31st March, 2016

Segment	No. of Shareholders	% of Shareholders	No. of shares	% of Shareholding
Physical	1207	2.47	724221	0.54
Demat	47582	97.53	134560779	99.46
Total	48789	100.00	135285000	100.00

11. Stock Market Data

The closing price as on 31st March, 2016 of the Equity Shares at BSE and NSE is Rs.33.80 & Rs.33.65 respectively. Monthly high & low price and volume of Shares of Re.1/- each traded at BSE and NSE for 2015-16 are as under:

Month/Year	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	High (Rs.)	Low (Rs.)	Volume of Shares Traded	High (Rs.)	Low (Rs.)	Volume of Shares Traded
April, 2015	57.50	40.10	5585396	57.50	40.10	15253130
May, 2015	50.30	41.25	2098260	50.30	41.30	5303881
June, 2015	46.50	38.00	2276343	46.50	38.10	7411080
July, 2015	58.05	39.60	7471732	57.95	40.70	20768679
August, 2015	63.90	42.15	11893454	63.80	41.90	33373616
September, 2015	48.80	41.70	2454780	48.75	41.70	8928720
October, 2015	51.30	42.20	3808948	51.25	42.05	12099244
November, 2015	46.25	42.00	2964040	46.20	42.00	10145661
December, 2015	50.70	41.05	7554596	50.00	41.10	26172338
January, 2016	48.80	35.50	2210349	48.90	35.50	6784410
February, 2016	40.50	27.70	2043897	40.90	27.80	4671014
March, 2016	36.20	28.45	2206939	36.30	28.50	6411051

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13. Distribution of Shareholding as on 31st March, 2016

No. of Equity Shares held	No. of Shareholders	Percent of Shareholders	No. of Shares	Percent of Shareholding
1 – 5000	47311	96.97	22412267	16.57
5001 – 10000	760	1.56	5708821	4.22
10001 – 20000	340	0.70	5032572	3.72
20001 – 30000	122	0.25	3036045	2.25
30001 – 40000	69	0.14	2453984	1.81
40001 – 50000	40	0.08	1844658	1.36
50001 – 100000	67	0.14	4842306	3.58
100001 & above	80	0.16	89954347	66.49
Total	48789	100.00	135285000	100.00

14. Shareholding Pattern as on 31st March, 2016

Category of Shareholders	No. of Shares (Demat Mode)	No. of Shares (Physical Mode)	Total No. of Shares	Percent of Shareholding
Promoter and Promoter Group	67779978	—	67779978	50.10
Mutual Funds/UTI	4891350	—	4891350	3.62
Financial Institutions/ Banks	151249	—	151249	0.11
Foreign Institutional Investors	—	—	—	—
Bodies Corporate	8790205	40000	8830205	6.53
NRI	2359553	—	2359553	1.74
Co-operative Societies	13000	—	13000	0.01
Trusts & Foundations	2000	—	2000	0.00
Indian Public	50573444	684221	51257665	37.89
Total	134560779	724221	135285000	100.00

15. Unclaimed Shares Suspense Account

In terms of Schedule V of the Listing Regulations, the Company reports the following details in respect of equity shares lying in the suspense account in dematerialized form. This account is being held by the Company on behalf of the shareholders entitled for these shares. Shareholders who have not yet claimed their shares are requested to immediately approach the Company to enable us to release the said shares to the rightful owner either in physical form or demat mode.

The details of equity shares lying in the Unclaimed Suspense Account being maintained with ICICI Bank are as under:

Sl.No.	Particulars	No. of Shareholders	No. of Equity Shares
1.	Aggregate number of Shareholders and the outstanding shares in the Suspense Account lying at the beginning of the year (01.04.2015)	6566	1504280
2.	Number of Shareholders who approached the Company for transfer of from Suspense Account during the year	33*	37920
3.	Number of Shareholders to whom shares were transferred from Suspense Account during the year	33*	37920
4.	Aggregate number of Shareholders and the outstanding shares in the Suspense Account lying at the end of the year (31.03.2016)	6537	1466360

The voting rights on the shares in the Unclaimed Suspense Account as on 31st March, 2016 shall remain frozen till the rightful owners of such shares claim the shares.

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

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, 2008 have already been transferred to the Investor Education and Protection Fund (IEPF).

Year	Rate of Dividend (percent)	Date of Declaration	Due date for transfer to IEPF
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
2012	Final – 15	29/09/2012	29/10/2019
2013	Final – 15	30/09/2013	30/10/2020
2014	Final – 10	30/09/2014	30/10/2021
2015	Interim – 100	14/02/2015	14/03/2022
2015	Final – 200	29/09/2015	29/10/2022
2016	Interim – 50	10/03/2016	10/04/2023

Year	Rate of Dividend (percent)	No. of Warrants Issued	Amount of Dividend (Rs.)	Amount of Unclaimed Dividend (Rs.)	Unclaimed Dividend (percent)
2009	Final – 15	50117	18837750.00	268462.65	1.42
2010	Final – 15	50925	19328250.00	291602.10	1.51
2011	Final – 20	54441	27057000.00	408073.60	1.51
2012	Final – 15	52225	20292750.00	329111.70	1.62
2013	Final – 15	42173	20292750.00	423736.35	2.09
2014	Final – 10	37426	13528500.00	294759.20	2.18
2015	Interim – 100	38399	135285000.00	2364886.00	1.75
2015	Final – 200	40315	270570000.00	4300416.00	1.59
2016	Interim – 50	48718	67642500.00	3382459.50	5.00

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.

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19. Nomination Facility

Shareholders holding shares in physical form and desirous of making/changing nomination in respect of their shareholding in the Company, may submit the prescribed form to the Company. Members holding shares in dematerialized mode may contact their Depository Participant (DP) for availing this facility.

20. 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 and Share Transfer Agent, M/s. MCS Share Transfer Agent Limited, New Delhi.

21. SEBI Complaints Redress System (SCORES)

The Company processes the Investors' complaints received by it through a computerized complaints redressal system. The salient features of this system are computerized database of all the inward receipts and action taken on them, online submission of Action Taken Reports (ATRs) along with supporting documents electronically in SCORES. The investors can view online the current status of their complaints submitted through SEBI Complaints Redress System (SCORES).

22. Investors/Shareholders Correspondence

- | | |
|--|---|
| i) Transfer/dematerialisation of Shares and any other queries relating to Shares | : M/s. MCS Share Transfer Agent Limited
F-65, Okhla Industrial Area, Phase I
New Delhi - 110020, India
Tel : (011)41406149 Fax : (011)41709881
E-mail : helpdeskdelhi@mcsregistrars.com / admin@mcsregistrars.com |
| ii) Any queries relating to the Financial Statements of the Company | : Shri Sanjay Syal, Chief Financial Officer
Tel : (91)(0124)2824226
E-mail : sanjaysyal@ricoauto.in |
| iii) Payment of dividend on Shares and any other queries relating to Annual Report | : Shri B.M. Jhamb, Company Secretary
Tel : (91)(0124) 2824221, 2824000
Fax: (91)(0124) 2824200
E-mail : bmjhamb@ricoauto.in & cs@ricoauto.in |

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

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, 2016, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges for the period 1st April, 2015 to 30th November, 2015 and as per the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as referred in Regulation 15(2) of the Listing Regulations for the period 1st December, 2015 to 31st March, 2016.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Regulations of the 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 Regulations of the Corporate Governance as stipulated in the above mentioned Listing Agreement/Listing Regulations, as applicable.

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 **K.K. Sachdeva & Associates**
Company Secretaries

K. K. Sachdeva
Proprietor

Place : Gurgaon
Date : 29th July, 2016

FCS No. 7153, CP No. 4721

THE ANNUAL REPORT ON CSR ACTIVITIES (2015-16)

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken**

The Company endeavors to integrate social and environment concerns in its business operations. The Company demonstrates an increased commitment at all levels in the organization to operate business in an economically, socially and environmentally sustainable manner.

2. Members of the Committee

The Committee consists of four members namely:

- | | | | |
|------|--------------------|---|----------|
| i) | Shri Rajeev Kapoor | – | Chairman |
| ii) | Dr. Ashok Seth | – | Member |
| iii) | Shri Arun Kapur | – | Member |
| iv) | Shri Rakesh Kapur | – | Member |

3. Average Net Profit/(Net Loss) of the Company for last three financial years

Rs.(19.43) crores (on the basis of financial years 2012-13, 2013-14 and 2014-15).

4. Prescribed CSR Expenditure

Two percent of the amount as in item 3 above : Nil

5. Details of CSR Expenditure spent during the financial year 2015-16

- i) Total Amount to be spent for the financial year : Nil
- ii) Amount unspent : Nil
- iii) The manner in which the amount spent during the financial year is detailed below:

[illegible]

6. Details of Implementing Agency

The Company has not appointed any implementing agency.

7. Reasons for not spending the amount

The amount as per computation works out to be Nil. Therefore, the Company is not required to spend the money on CSR Activities under the applicable provisions of the Companies Act, 2013.

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

Arvind Kapur
Chairman, CEO &
Managing Director
(DIN: 00096308)

Rajeev Kapoor
Chairman - CSR Committee
(DIN: 02051466)

Place : Gurgaon
Date : 29th July, 2016

ANNEXURE TO DIRECTORS' REPORT

Form No. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

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

To,
The Members,
Rico Auto Industries Limited
69 KM Stone, Delhi-Jaipur Highway
Dharuhera, Distt Rewari – 122106
Haryana

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Rico Auto Industries Limited (CIN: L34300HR1983PLC023187)** (hereinafter called "the Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; and
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not Applicable to the Company during the audit period);
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not Applicable to the Company during the audit period);
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not Applicable to the Company during the audit period);
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable to the Company during the audit period); and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable to the Company during the audit period).
- vi) We further report that having regard to compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:
 - a) The Factories Act, 1948;
 - b) The Petroleum Act, 1934 and the rules made thereunder;
 - c) The Environment Protection Act, 1986 and the rules made thereunder;

ANNEXURE TO DIRECTORS' REPORT

REMUNERATION POLICY

1. Preamble

This policy shall be called "Policy on Remuneration" (hereinafter referred to as "**Remuneration Policy**").

The Remuneration Policy of the Company is designed to keep pace with the business environment and market linked positioning and to attract, motivate, improve productivity and retain manpower, by creating a congenial work environment, encouraging initiatives, personal growth and team work, and inculcating a sense of belonging and involvement, besides offering appropriate remuneration packages.

The Company has constituted a Nomination and Remuneration Committee ("**Committee**"), which determines and recommends to the Board the remuneration payable to Directors, Key Managerial Personnel (KMP), Senior Management and other Employees. The existing remuneration structure of the Company consists of a fixed component and a variable component linked to the long term vision, medium term goals and annual business plans. The Nomination and Remuneration Committee of the Company also reviews and recommends the quantum and payment of annual salary and commission and other employment conditions of the Directors, Key Managerial Personnel (KMP), Senior Management and other Employees. The Committee takes into consideration the best remuneration practices being followed in the industry while fixing appropriate remuneration packages.

2. Definitions

2.1 "**Act**" means the Companies Act, 2013 and rules made thereunder.

2.2 "**Board of Directors**" or the "**Board**" shall mean the Board of Directors of the Company, as constituted from time to time.

2.3 "**Company**" means Rico Auto Industries Limited.

2.4 "**Key Managerial Personnel**," shall have the meaning as defined under the Act and includes:

- i) Managing Director or Chief Executive Officer or Manager and in their absence, a Whole-Time Director;
- ii) Company Secretary; and
- iii) Chief Financial Officer

2.5 "**Other Employees**" means, all the employees other than the Directors, KMPs and the Senior Management Personnel.

2.6 "**Senior Management**" means personnel of the Company who are members of its core management team other than the Board of Directors. It comprises of all members of the management who are one level below the Executive Directors and include the functional heads.

All the words and expressions used in this Policy, unless defined hereinafter, shall have meaning respectively assigned to them under the listing agreement and in the absence of its definition or explanation therein, as per the Act and the rules, notifications and circulars made/ issued thereunder, as amended, from time to time.

3. Key Principles of the Policy

While designing compensation for Directors, Key Managerial Personnel and Senior Management, the following set of principles act as guiding factors:

- a) Aligning key executive and board remuneration with the longer term interests of the Company and its shareholders;
- b) Minimize complexity and ensure transparency;
- c) Link to long term strategy as well as annual business performance of the Company;
- d) Promotes a culture of meritocracy and is linked to key performance and business drivers; and
- e) Reflective of line expertise, market competitiveness so as to attract the best talent.

4. Remuneration to Executive Directors

4.1 The remuneration to Executive Directors is recommended by the Nomination and Remuneration Committee and approved by the Board, subject to the subsequent approval by the shareholders at the general meeting and such other authorities, as the case may be.

4.2 At the Board Meeting, only the Non-Executive and Independent Directors participate in approving the remuneration of the Executive Directors. The remuneration is arrived by considering various factors such as qualification, experience, expertise, prevailing remuneration in the industry and the financial position of the Company. The elements of the remuneration and limits are pursuant to the Section 197 and Schedule V of the Act and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (erstwhile Clause 49 of the Listing Agreement) entered into with the stock exchange(s) where the equity shares of the Company are listed.

5. Remuneration Structure for Executive Directors

5.1 The remuneration structure for the Executive Directors would include the following components:

5.1.1 Basic Salary

- a) Provides for a fixed, per month, base level remuneration to reflect the scale and dynamics of business to be competitive in the external market.
- b) Will be subject to an annual increase as per recommendations of the Nomination and Remuneration Committee and approval of the Board of Directors.

ANNEXURE TO DIRECTORS' REPORT

FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN

AS ON FINANCIAL YEAR ENDED 31ST MARCH, 2016

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014

I. REGISTRATION & OTHER DETAILS

- i) CIN : L34300HR1983PLC023187
- ii) Registration Date : 07/03/1983
- iii) Name of the Company : Rico Auto Industries Limited
- iv) Category/Sub-category of the Company : Company Limited by Shares
- v) Address of the Registered Office & Contact details : 69 KM Stone, Delhi-Jaipur Highway,
Dharuhera, Distt. Rewari – 122106, Haryana
Phone: 01274 267314-267319, Fax: 01274 267324
Email: cs@ricoauto.in, Website: www.ricoauto.com
- vi) Whether Listed Company : Yes
BSE Limited (BSE) and National Stock Exchange of India Limited (NSE)
- vii) Name, Address & Contact details of the Registrar & Transfer Agent, if any. : MCS Share Transfer Agent Limited
F-65, 1st Floor, Okhla Industrial Area, Phase-I,
New Delhi – 110020
Phone: 011-41406149, Fax: 011-41709881
Email: admin@mcsregistrars.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company are as under:

Sl. No.	Name & Description of main products/services	NIC Code of the products/services	% to total turnover of the Company
1.	Clutch	29301	9.72
2.	Crank Case	29301	12.06

III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sl. No.	Name & Address of the Company	CIN/GLN	Holding/Subsidiary/Associate	% of Shares Held	Applicable Section
1.	Uttarakhand Automotives Limited 38 KM Stone, Delhi-Jaipur Highway, Gurgaon – 122001, Haryana	U29253HR2007PLC036910	Subsidiary	100	Section 2(87)
2.	AAN Engineering Industries Limited 38 KM Stone, Delhi-Jaipur Highway, Gurgaon – 122001, Haryana	U28112HR2010PLC039941	Subsidiary	100	Section 2(87)
3.	Rico Investments Limited 38 KM Stone, Delhi-Jaipur Highway, Gurgaon – 122001, Haryana	U65923HR2015PLC054211	Subsidiary	96.05 (Both Equity & Preference)	Section 2(87)
4.	Rico Auto Industries Inc., USA 6338, Sashabaw Road, Clarkston, Michigan 48346 USA	Foreign Company Registration No. : 510411449	Subsidiary	100	Section 2(87)
5.	Rico Auto Industries (UK) Limited Unit 1, Lewis House, 99 Victoria Road, London - NW106DJ, UK	Foreign Company Registration No.: 04975219 (England and Wales)	Subsidiary	100	Section 2(87)
6.	Rasa Autocom Limited C/o. Rico Auto Industries Limited. 38 KM Stone, Delhi-Jaipur Highway, Gurgaon – 122001, Haryana	U74120HR2007PLC037192	Step-down Subsidiary	100	Section 2(87)
7.	Rico Jinfei Wheels Limited C/o. Rico Auto Industries Limited. 38 KM Stone, Delhi-Jaipur Highway, Gurgaon – 122001, Haryana	U34200HR2007PLC037021	Step-down Subsidiary	93.49	Section 2(87)

IV. SHAREHOLDING PATTERN (Equity Share Capital Break up as % of Total Equity)

i) **Category-wise Shareholding:**

	Category of Shareholders	No. of Shares held at the beginning of the year (1 st April, 2015)				No. of Shares held at the end of the year (31 st March, 2016)				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	PROMOTERS									
1.	Indian	27501188	0	27501188	20.328	27501188	0	27501188	20.328	0.000
	a) Individual/HUF	0	0	0	0.000	0	0	0	0.000	0.000
	b) Central Govt.or State Govt.	0	0	0	0.000	0	0	0	0.000	0.000
	c) Bodies Corporate	40199790	0	40199790	29.715	40199790	0	40199790	29.715	0.000
	d) Banks/FI	0	0	0	0.000	0	0	0	0.000	0.000
	e) Any other (specify)	0	0	0	0.000	0	0	0	0.000	0.000
	Sub Total (A)(1)	67700978	0	67700978	50.043	67700978	0	67700978	50.043	0.000
2.	Foreign									
	a) NRI – Individuals	79000	0	79000	0.058	79000	0	79000	0.058	0.000
	b) Other Individuals	0	0	0	0.000	0	0	0	0.000	0.000
	c) Bodies Corporate	0	0	0	0.000	0	0	0	0.000	0.000
	d) Banks/FI	0	0	0	0.000	0	0	0	0.000	0.000
	e) Any other (specify)	0	0	0	0.000	0	0	0	0.000	0.000
	Sub Total (A)(2)	79000	0	79000	0.058	79000	0	79000	0.058	0.000
	Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	67779978	0	67779978	50.102	67779978	0	67779978	50.102	0.000
B.	PUBLIC SHAREHOLDING									
1.	Institutions									
	a) Mutual Funds	3700237	0	3700237	2.735	4891350	0	4891350	3.616	0.880
	b) Banks/FI	127080	0	127080	0.094	151249	0	151249	0.112	0.018
	c) Cenntral Govt.	0	0	0	0.000	0	0	0	0.000	0.000
	d) State Govt.	0	0	0	0.000	0	0	0	0.000	0.000
	e) Venture Capital Fund	0	0	0	0.000	0	0	0	0.000	0.000
	f) Insurance Companies	0	0	0	0.000	0	0	0	0.000	0.000
	g) Flls	2284909	0	2284909	1.689	0	0	0	0.000	-1.689
	h) Foreign Venture Capital Funds	0	0	0	0.000	0	0	0	0.000	0.000
	i) Others (specify)	0	0	0	0.000	0	0	0	0.000	0.000
	Sub Total (B)(1)	6112226	0	6112226	4.518	5042599	0	5042599	3.727	-0.791
2.	Non Institutions									
	a) Bodies Corporate									
	i) Indian	9521936	40000	9561936	7.068	8790205	40000	8830205	6.527	-0.541
	ii) Overseas	0	0	0	0.000	0	0	0	0.000	0.000
	b) Individuals									
	i) Individual shareholders holding nominal share capital upto Rs.1 lakh	33943155	735101	34678256	25.633	38004428	684221	38688649	28.598	2.964
	ii) Individuals shareholders holding nominal share capital in excess of Rs.1 lakh	14621632	0	14621632	10.808	12569016	0	12569016	9.291	-1.517
	c) Others (specify)									0.000
	i) Non Resident Individual	2515972	0	2515972	1.860	2359553	0	2359553	1.744	-0.116
	ii) Trust & Foundations	2000	0	2000	0.001	2000	0	2000	0.001	0.000
	iii) Cooperative Societies	13000	0	13000	0.010	13000	0	13000	0.010	0.000
	Sub Total (B)(2)	60617695	775101	61392796	45.380	61738202	724221	62462423	46.171	0.791
	Total Public Shareholding (B)= (B)(1)+(B)(2)	66729921	775101	67505022	49.898	66780801	724221	67505022	49.898	0.000
C.	SHARES HELD BY CUSTODIAN FOR GDRs & ADRs	0	0	0	0.000	0	0	0	0.000	0.000
	Grand Total (A+B+C)	134509899	775101	135285000	100.000	134560779	724221	135285000	100.000	0.000

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ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (1 st April, 2015)			Shareholding at the end of the year (31 st March, 2016)			% change in Shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged encumbered to total Shares	
1.	ARVIND KAPUR	12652460	9.352	0.000	12652460	9.352	0.000	0.000
2.	ARUN KAPUR	8651160	6.395	0.000	8651160	6.395	0.000	0.000
3.	RAKESH KAPUR	2398720	1.773	0.000	2398720	1.773	0.000	0.000
4.	SHALINI KAPUR	986180	0.729	0.000	1366148	1.010	0.000	0.281
5.	UPASNA KAPUR	965920	0.714	0.000	966920	0.715	0.000	0.001
6.	RITU KAPUR	723140	0.535	0.000	723140	0.535	0.000	0.000
7.	SHIKHA KAPUR	379968	0.281	0.000	0	0.000	0.000	-0.281
8.	NYLA KAPUR	354040	0.262	0.000	354040	0.262	0.000	0.000
9.	SAMARTH KAPUR	194800	0.144	0.000	194800	0.144	0.000	0.000
10.	SHIVANI KAPUR	189800	0.140	0.000	189800	0.140	0.000	0.000
11.	SUHAIL KAPUR	1000	0.001	0.000	0	0.000	0.000	-0.001
12.	ROMILLA BAHL	79000	0.058	0.000	79000	0.058	0.000	0.000
13.	PROMILLA SIKKA	4000	0.003	0.000	4000	0.003	0.000	0.000
14.	KAPSONS ASSOCIATES INVESTMENTS PVT. LTD.	38917050	28.767	11.383	38917050	28.767	0.000	0.000
15.	RICO CASTINGS LIMITED	1256100	0.928	0.000	1256100	0.928	0.000	0.000
16.	HIGAIN INVESTMENTS PVT. LTD.	26640	0.020	0.000	26640	0.020	0.000	0.000
	TOTAL	67779978	50.102	11.383	67779978	50.102	0.000	0.000

iii) Change in Promoters' Shareholding:

Sl. No.	Shareholder's Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01/04/2015 to 31/03/2016)	
		No. of Shares at the beginning (01/04/2015)/end of the year (31/03/2016)	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1.	SHALINI KAPUR	986180 1366148	0.729 1.010	01.04.2015 10.11.2015 31.03.2016	379968	Transfer(Gift)	1366148 1366148	1.010 1.010
2.	SHIKHA KAPUR	379968 0	0.281 0.000	01.04.2015 10.11.2015 31.03.2016	-379968	Transfer(Gift)	0 0	0.000 0.000
3.	UPASNA KAPUR	965920 966920	0.714 0.715	01.04.2015 30.06.2015 31.03.2016	1000	Transmission	966920 966920	0.715 0.715
4.	SUHAIL KAPUR	1000 0	0.001 0.000	01.04.2015 30.06.2015 31.03.2016	-1000	Transmission	0 0	0.000 0.000

Sl. No.	Shareholder's Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01/04/2015 to 31/03/2016)	
		No.of Shares at the beginning (01/04/2015)/ end of the year (31/03/2016)	% of total Shares of the Company				No.of Shares	% of total Shares of the Company
1.	RELIANCE CAPITAL TRUSTEE CO. LTD.–A/C. RELIANCE REGULAR SAVINGS FUND–BALANCED OPTION	1005376	0.743	01.04.2015				
				10.04.2015	4040	Transfer	1009416	0.746
				08.05.2015	277067	Transfer	1286480	0.951
				15.05.2015	192997	Transfer	1479477	1.094
				09.10.2015	43650	Transfer	1523127	1.126
				13.11.2015	1100000	Transfer	2623127	1.939
				08.01.2016	300000	Transfer	2923127	2.161
		2923127	2.161	31.03.2016			2923127	2.161
2.	MUKUL AGRAWAL	0	0.000	01.04.2015				
				08.05.2015	994983	Transfer	994983	0.735
				26.06.2015	417285	Transfer	1412268	1.044
				31.03.2016			1412268	1.044
		1412268	1.044					
3.	ZAFAR AHMADULLAH	1250000	0.924	01.04.2015	0	Nil movement during the year		
		1250000	0.924	31.03.2016			1250000	0.924
4.	PANNA BANKIM	1236037	0.914	01.04.2015	0	Nil movement during the year		0.000
		1236037	0.914	31.03.2016			1236037	0.914
5.	VANAJA SUNDAR IYER	0	0.000	01.04.2015				
				04.09.2015	1000000	Transfer	1000000	0.739
				11.09.2015	500000	Transfer	1500000	1.109
				26.02.2016	-57311	Transfer	1442689	1.066
				04.03.2016	-149106	Transfer	1293583	0.956
				11.03.2016	-69030	Transfer	1224553	0.905
				18.03.2016	-98618	Transfer	1125935	0.832
				25.03.2016	-100000	Transfer	1025935	0.758
				31.03.2016			1025935	0.758
				1025935	0.758			
6.	RELIANCE CAPITAL TRUSTEE CO. LTD.–A/C. RELIANCE RETIREMENT FUND-WEALTH CREATION SCHEME	600000	0.444	01.04.2015				
				08.05.2015	60000	Transfer	660000	0.488
				08.01.2016	200000	Transfer	860000	0.636
		860000	0.636	31.03.2016			860000	0.636
7.	RELIANCE CAPITAL TRUSTEE CO. LTD.–A/C. RELIANCE EQUITY SAVINGS FUND	0	0.000	01.04.2015				
				28.08.2015	530220	Transfer	530200	0.392
				11.09.2015	128900	Transfer	659100	0.487
				09.10.2015	65450	Transfer	724550	0.536
		724550	0.536	31.03.2016			724550	0.536
8.	MINDSET TECHNOLOGIES PVT LTD	0	0.000	01.04.2015				
				30.06.2015	23000	Transfer	23000	0.017
				21.08.2015	-23000	Transfer	0	0.000
				26.02.2016	384322	Transfer	384322	0.284
		384322	0.284	31.03.2016			384322	0.284
9.	LAXMICHAND KUNVERJI KENIA	370000	0.273	01.04.2015	0	Nil movement during the year		
		370000	0.273	31.03.2016			370000	0.273

[illegible]

Sl. No.	Name of the Directors and KMP	Shareholding at the beginning of the year (1 st April, 2015)		Cumulative Shareholding during the year (31 st March, 2016)	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Shri Arvind Kapur, Chairman, CEO & Managing Director				
	At the beginning of the year	12652460	9.352	12652460	9.352
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	N.A.	N.A.	N.A.	N.A.
	At the end of the year	12652460	9.352	12652460	9.352
2.	Shri Arun Kapur, Joint Managing Director				
	At the beginning of the year	8651160	6.395	8651160	6.395
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	N.A.	N.A.	N.A.	N.A.
	At the end of the year	8651160	6.395	8651160	6.395
3.	Shri Rakesh Kapur, Director				
	At the beginning of the year	2398720	1.773	2398720	1.773
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	--	--	--	--
	At the end of the year	2398720	1.773	2398720	1.773
4.	Smt. Upasna Kapur appointed as Director w.e.f. 19 th June, 2015				
	At the beginning of the year	965920	0.714	965920	0.714
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	1000 Transmission 30/06/2015	0.001	966920	0.715
	At the end of the year	966920	0.715	966920	0.715
5.	Dr. Ashok Seth, Director				
	At the beginning of the year	25000	0.018	25000	0.018
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	N.A.	N.A.	N.A.	N.A.
	At the end of the year	25000	0.018	25000	0.018
6.	Shri Satish Sekhri, Director				
	At the beginning of the year	1900	0.001	1900	0.001
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	N.A.	N.A.	N.A.	N.A.
	At the end of the year	1900	0.001	1900	0.001
7.	Shri B.M. Jhamb, Company Secretary				
	At the beginning of the year	20	0.000	20	0.000
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	N.A.	N.A.	N.A.	N.A.
	At the end of the year	20	0.000	20	0.000

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V. INDEBTEDNESS

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

(Amount in Rs.)

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the Financial year				
i) Principal Amount	1789638764.00	11738096.00	—	1801376860.00
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	6797995	—	—	6797995.00
Total (i+ii+iii)	1796436759.00	11738096.00	—	1808174855.00
Change in Indebtedness during the Financial Year				
Additions	1510877221.00	—	—	1510877221.00
Reduction	1067533323.00	9042263.00	—	1076575586.00
Net Change	443343898.00	(9042263.00)	—	434301635.00
Indebtedness at the end of the Financial Year				
i) Principal Amount	2232982662.00	2695833.00	—	2235678495.00
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	3782772.00	—	—	3782772.00
Total (i+ii+iii)	2236765434.00	2695833.00	—	2239461267.00

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration payable/paid to Managing Director, Whole time Director and/or Manager:

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Name of the MD/JMD		Total Amount
		Shri Arvind Kapur Chairman, CEO & Managing Director	Shri Arun Kapur Joint Managing Director	
1.	Gross Salary			
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	11842819.00	3952576.00	15795395.00
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	4991349.00	1321733.00	6313082.00
	c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	—	—	—
2.	Stock option	—	—	—
3.	Sweat Equity	—	—	—
4.	Commission	3717222.00	891116.00	4608338.00
	— As % of profit	0.90	0.22	1.12
	— Others (specify)	—	—	—
5.	Others	—	—	—
	Total (A)	20551390.00	6165425.00	26716815.00
	Ceiling as per the Act	5% of net profit	5% of net profit	10% of net profit

(Amount in Rs.)

* Smt. Upasna Kapur appointed as Director w.e.f. 19th June, 2015.

(Amount in Rs.)

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

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ANNEXURE TO DIRECTORS' REPORT

Details pertaining to Remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

1. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16:

Sl. No.	Name of Directors	Ratio to Median Remuneration
Non-Executive Independent Directors		
i)	Shri Kanwal Monga	1.80
ii)	Shri Amarjit Chopra	2.95
iii)	Dr. Ashok Seth	1.68
iv)	Shri Satish Sekhri	2.89
v)	Shri Rajeev Kapoor	2.46
vi)	Shri Vinod Kumar Nagar	2.94
Non-Executive Directors		
vii)	Shri Rakesh Kapur	2.06
viii)	Smt. Upasna Kapur	1.45*
Executive Directors		
ix)	Shri Arvind Kapur, Chairman, CEO & Managing Director	52.75
x)	Shri Arun Kapur, Joint Managing Director	15.82

*Smt. Upasna Kapur was appointed as Director w.e.f. 19th June, 2015.

2. The percentage of increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year 2015-16:

Sl. No.	Name of Directors/KMP and Designation	Remuneration		%age increase/ (decrease) in Remuneration
		2015-16 (Amount in Rs.)	2014-15 (Amount in Rs.)	
	Non-Executive Independent Directors			
i)	Shri Kanwal Monga	702996.00	276991.00	153.80
ii)	Shri Amarjit Chopra	1147996.00	569991.00	101.41
iii)	Dr. Ashok Seth	652996.00	221991.00	194.15
iv)	Shri Satish Sekhri	1127996.00	436991.00	158.13
v)	Shri Rajeev Kapoor	957996.00	485512.00	97.32
vi)	Shri Vinod Kumar Nagar	1142996.00	543512.00	110.30
	Non-Executive Directors			
vii)	Shri Rakesh Kapur	802996.00	326991.00	145.57
viii)	Smt. Upasna Kapur	564028.00	—	N.A*
	Executive Directors			
ix)	Shri Arvind Kapur, Chairman, CEO & MD	20551390.00	13461157.00	52.67
x)	Shri Arun Kapur, Joint Managing Director	6165425.00	4800000.00	28.45
	Key Managerial Personnel			
xi)	Shri Sanjay Syal, Chief Financial Officer	5165568.00	—	N.A**
xii)	Shri B.M. Jhamb, Company Secretary	3595338.00	2622018.00	37.12

*Smt. Upasna Kapur was appointed as Director w.e.f. 19th June, 2015, hence the same is not comparable.

**Shri Sanjay Syal, CFO joined w.e.f. 1st April, 2015, hence the same is not comparable.

3. The percentage of increase in the median remuneration of employees in the financial year: 6%
4. The number of permanent employees on the roll of Company: 1394
5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:
The average increase in cost of employees other than managerial personnel in 2015-16 was 6%. Percentile increase(+)/decrease(-) in the managerial remuneration for the year 2015-16 was 40.56%.
6. Affirmation that the remuneration is as per the Remuneration Policy of the Company:
It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

ANNEXURE TO DIRECTORS' REPORT

FORM AOC – 2

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

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

1. Details of Contracts or Arrangements or Transactions not at Arm's length basis :

There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2016 which were not on arm's length basis.

Sl. No.	Particulars	Details
a.	Name(s) of the related party & nature of relationship	N.A.
b.	Nature of contracts/arrangements/transactions	N.A.
c.	Duration of the contracts/arrangements/transactions	N.A.
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	N.A.
e.	Justification for entering into such contracts or arrangements or transactions	N.A.
f.	Date of approval by the Board	N.A.
g.	Amount paid as advances, if any	N.A.
h.	Date on which the special resolution was passed in General Meeting as required under first proviso to Section 188	N.A.

2. Details of Material Contracts or Arrangements or Transactions at Arm's length basis:

Sl. No.	Particulars	Details
a.	Name(s) of the related party & nature of relationship	Rico Aluminium and Ferrous Auto Components Limited (formerly RAA Autocom Limited) (Step-down Subsidiary)
b.	Nature of contracts/arrangements/transactions	Sale, Purchase or Supply of products, goods or materials or availing or rendering of services and leasing of property (movable or immovable)
c.	Duration of the contracts/arrangements/transactions	Ongoing transactions
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	Purchase of Goods – Rs.296.07 crores Sale of Goods – Rs.22.22 crores Availing or rendering of services – Rs.15.17 crores Rent Income – Rs.8.95 crores
e.	Date of approval by the Board/Date of approval by the Shareholders	12 th August, 2015/29 th September, 2015
f.	Amount paid as advances, if any	N.A.

Definition of the term 'Material Contracts or Arrangements or Transactions' is taken as per Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

On behalf of the Board of Directors

Arvind Kapur
Chairman, CEO &
Managing Director
(DIN: 00096308)

Place : Gurgaon
Date : 29th July, 2016

INDEPENDENT AUDITORS' REPORT

**To the Members of
Rico Auto Industries Limited**

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Rico Auto Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the

Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. Further to our comments in annexure A, as required by Section 143 (3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the standalone financial statements dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. on the basis of the written representations received from the directors as on March 31, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated May 19, 2016 as per annexure B expressed unqualified opinion; and
 - g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- year-end, written confirmations have been obtained by the management. No material discrepancies were noticed on the aforesaid verification.
- (iii) The Company has granted long term unsecured loans to companies covered in the register maintained under Section 189 of the Act; and with respect to the same:
- (a) in our opinion the terms and conditions of grant of such loans are not, *prima facie*, prejudicial to the Company's interest.
- (b) the schedule of repayment of principal and interest has been stipulated, however the same is not due for repayment currently;
- (c) there is no overdue amount in respect of loans granted to such companies.
- (iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees, and security.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of the Company's products and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) The dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Membership No.: 504662

- (i)
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) All fixed assets have not been physically verified by the management during the year, however, there is a regular program of verification once in every three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) The title deeds of all the immovable properties (which are included under the head 'fixed assets') are held in the name of the Company.
 - (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and stocks lying with third parties. For stocks lying with third parties at the

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Central Excise Act, 1944	Demand on excise duty on removal of dies under rule 67/95 of Central Excise without payment of duty (refer note 1 below)	2.84	Nil	Financial year 2002-03 to 2006-07	Custom Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Claim of cenvat on custom house agent and courier export related services	1.55	0.24	Financial year 2004-05 to 2007-08	Custom Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Claim of cenvat on construction & other repair & maintenance service	2.27	NIL	Financial year 2005-06 to 2010-11	Custom Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Denial of credit taken on services of insurance, catering, tent house and cab.	0.45	Nil	Financial year 2010-11	Custom Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Denial of credit taken on services of insurance, catering, tent house and taxi	1.37	Nil	Financial year 2004-05 to 2007-08	Commissioner of Central Excise (Appeals)
Finance Act, 1994	Denial of credit taken on services of insurance, catering, tent house and cab and transit insurance of goods	0.20	Nil	Financial year 2008-09	Commissioner of Central Excise (Appeals)
Finance Act, 1994	Denial of credit taken on services of mediclaim insurance, all risk insurance policy, vehicle insurance, catering, tent and maxi cab services	0.31	Nil	Financial year 2008-09 to 2009-10	Commissioner of Central Excise (Appeals)
Finance Act, 1994	Denial of credit taken on services of insurance, catering, tent house and cab.	0.02	Nil	Financial year 2010-11 to 2011-12	Commissioner of Central Excise (Appeals)
Finance Act, 1994	Denial of credit taken on services of insurance, catering, tent house and cab.	0.79	Nil	Financial year 2011-12 to 2012-13	Commissioner of Central Excise (Appeals)
Finance Act, 1994	Claim of cenvat on outward freight	0.26	Nil	Financial year 2005-06 to 2006-07	Commissioner of Central Excise (Appeals)
Central Excise Act, 1944	Deposit of inadmissible cenvat credit availed on the capital goods destroyed in fire	1.64	Nil	Financial year 2012-13	Commissioner of Central Excise (Appeals)
Haryana Local Area Development Tax Act, 2000	Applicability of local area development tax on items purchased	0.01	Nil	Financial year 2001-02 to 2003-04	Joint Commissioner (Appeal)
Haryana Electricity Reforms Act, 1997	Demand for short assessment for sanction of extended load of electricity	5.60	3.60	Financial year 2005-06 to 2011-12	Hon'ble High Court, Punjab and Haryana

- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the Company has applied the term loans for the purpose for which the loans were obtained
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3 (xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.

RICO 2015-2016

BALANCE SHEET AS AT MARCH 31, 2016

	Notes	As at March 31, 2016 (Rs.in Crores)	As at March 31, 2015 (Rs.in Crores)
I. EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
a) Share Capital	3	13.53	13.53
b) Reserves & Surplus	4	445.01	428.97
		458.54	442.50
2. NON-CURRENT LIABILITIES			
a) Long-Term Borrowings	5	91.45	86.19
b) Deferred Tax Liabilities (Net)	6	11.45	11.51
c) Other Long-Term Liabilities	7	1.19	1.11
d) Long-Term Provisions	8	8.00	5.90
		112.09	104.71
3. CURRENT LIABILITIES			
a) Short-Term Borrowings	9	83.73	55.40
b) Trade Payables	10		
Payable to micro enterprises and small enterprises		6.50	19.22
Other Payable		85.78	103.31
c) Other Current Liabilities	11	70.57	65.53
d) Short-Term Provisions	12	2.92	33.73
		249.50	277.19
TOTAL		820.13	824.40
II. ASSETS			
1. NON-CURRENT ASSETS			
a) Fixed Assets			
i) Tangible Assets	13	291.01	299.06
ii) Intangible Assets	13	—	0.13
iii) Capital Work-in-Progress		52.26	26.55
b) Non-Current Investments	14	136.87	111.87
c) Long-Term Loans and Advances	15	80.29	67.70
d) Other Non-Current Assets	16	0.22	—
		560.65	505.31
2. CURRENT ASSETS			
a) Current Investments	17	2.00	45.00
b) Inventories	18	48.76	45.43
c) Trade Receivables	19	149.95	143.34
d) Cash and Bank Balances	20	4.06	0.82
e) Short-Term Loans and Advances	21	51.32	74.63
f) Other Current Assets	22	3.39	9.87
		259.48	319.09
TOTAL		820.13	824.40

The accompanying notes (1 to 56) are an integral part of the financial statements.
This is the Balance Sheet referred to in our report of even date.

For **Walker Chandio & Co LLP**
Chartered Accountants

per **Ashish Gupta**
Partner

Sanjay Syal
Chief Financial Officer

Place : Gurgaon
Dated : 19th May, 2016

B.M.Jhamb
Company Secretary

For and on behalf of the Board of Directors

Amarjit Chopra
Director
(DIN:00043355)

Satish Sekhri
Director
(DIN: 00211478)

Arvind Kapur
Chairman, CEO
& Managing Director
(DIN:00096308)

RICO AUTO INDUSTRIES LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

	Notes	Year ended March 31, 2016 (Rs.in Crores)	Year ended March 31, 2015 (Rs.in Crores)
REVENUE			
Revenue from Operations (Gross)	23	971.63	925.37
Less : Excise Duty		64.13	71.64
Revenue from Operations (Net)		907.50	853.73
Other Income	24	18.42	18.53
Total Revenue		925.92	872.26
EXPENSES			
Cost of Raw Materials and Components Consumed	25	572.09	433.30
Purchase of Traded Goods		19.59	—
Change in Inventories of Finished Goods and Work in Progress	26	3.55	2.78
Employee Benefits Expense	27	86.22	116.90
Finance Costs	28	19.70	46.97
Depreciation and Amortisation	13	35.39	64.22
Other Expenses	29	150.95	233.14
Prior Period Items (Net)	30	0.40	(1.27)
Total Expenses		887.89	896.04
Profit/(Loss) Before Exceptional Items and Tax		38.03	(23.78)
Exceptional Items	31	2.85	(220.94)
Profit Before Tax (A)		35.18	197.16
Profit for the year from Continuing Operations Before Tax		35.18	401.35
Tax Expenses:			
Current Tax		7.63	48.39
Deferred Tax		(0.06)	(24.44)
MAT credit entitlement		(1.18)	—
Prior period tax (refer note 55)		1.72	(0.60)
Income Tax Expense from Continuing Operations (B)		8.11	23.35
Profit for the year from Continuing Operations After Tax		27.07	378.00
Loss for the year from Discontinued Operations Before Tax (refer note 52)		—	(30.57)
Loss on transfer of Assets and Liabilities of Discontinued Operations		—	(173.62)
Tax Expenses:			
Deferred Tax		—	1.94
Income Tax Expense from Discontinuing Operations (C)		—	1.94
Loss for the year from Discontinuing Operations After Tax)		—	(206.13)
Profit for the year (A-B-C)		27.07	171.87
Basic and diluted earning per equity share			
[nominal value of share Re.1/- (March 31, 2015 : Re.1/-)]	32	2.00	12.70

The accompanying notes (1 to 56) are an integral part of the financial statements.
This is the Statement of Profit and Loss referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Ashish Gupta**
Partner

Sanjay Syal
Chief Financial Officer

Place : Gurgaon
Dated : 19th May, 2016

B.M.Jhamb
Company Secretary

For and on behalf of the Board of Directors

Amarjit Chopra
Director
(DIN:00043355)

Satish Sekhri
Director
(DIN: 00211478)

Arvind Kapur
Chairman, CEO
& Managing Director
(DIN:00096308)

RICO 2015-2016

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

	Year ended March 31, 2016 (Rs.in Crores)	Year ended March 31, 2015 (Rs.in Crores)
A. Cash Flow from Operating Activities		
Net Profit Before Tax	35.18	197.16
Adjustments for:		
Depreciation and Amortisation	35.39	64.22
Provision for doubtful debts	0.64	—
Provision on Advances	—	8.67
Loss on Sale of Business Divisions	—	173.62
Profit on sale of mutual fund	(1.40)	—
Loss on Sale of Investment in Subsidiaries	—	49.07
Loss on diminution in value of Loans and Advances	—	30.49
Assets Written off	—	1.26
Profit on sale of Shares in Joint Venture, FCC Rico Limited	—	(491.05)
Profit on Sale of Assets	(0.41)	(2.30)
Exchange Rate Fluctuation (Net)	2.21	(2.40)
Finance Cost	19.70	46.97
Interest income	(4.12)	—
Dividend Income	—	(7.03)
Balances written off	8.75	—
Operating Profit before Working Capital Changes	95.94	68.68
Adjustments for:		
(Increase) in trade and other receivables	(4.24)	(83.19)
(Increase)/Decrease in inventories	(3.33)	13.25
(Decrease) in trade and other payables	(35.29)	(142.54)
	53.08	(143.80)
Less: Direct taxes paid (net of refunds)	(7.88)	—
Net cash generated from/(used in) Operating Activities A	45.20	(143.80)
B. Cash flow from investing activities		
Purchase of fixed assets/addition to capital work in progress	(55.80)	(63.65)
Proceeds from sale of fixed assets	5.43	4.24
Movement in capital advance	2.95	(2.66)
Proceed from sale of business divisions	—	44.40
Purchase of investments	(68.50)	(8.50)
Sale of investments	87.90	372.15
Income tax paid	—	(44.73)
Movement in restricted cash	(1.31)	—
Interest received	4.11	—
Dividend received	—	7.03
Net cash (used in)/generated from investing activities B	(25.22)	308.28
C. Cash flow from financing activities		
Proceeds from long term borrowings	105.28	246.01
Repayment of long term borrowings	(91.41)	(253.06)
Proceeds/(Repayment) from short term borrowings (Net)	28.33	(91.86)
Dividend paid (including Corporate dividend tax)	(40.62)	(17.82)
Interest paid	(19.99)	(48.16)
Net cash (used in) financing activities C	(18.41)	(164.89)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	1.57	(0.41)
Cash and Cash Equivalents at the beginning of the year	0.20	0.61
Cash and Cash Equivalents at the close of the year	1.77	0.20

	Year ended March 31, 2016 (Rs.in Crores)	Year ended March 31, 2015 (Rs.in Crores)
Bank deposits with maturity of more than 3 months and less than 12 months	1.09	—
Balance in unpaid Dividend Account	1.20	0.62
Balance with Bank not considered as Cash and Cash Equivalent	2.29	0.62
Cash and Bank Balances (refer note 20)	4.06	0.82

This is the Cash Flow Statement referred to in our report of even date.

B.M.Jhamb
Company Secretary

Note 1 – CORPORATE INFORMATION

Note 2 – SIGNIFICANT ACCOUNTING POLICIES

Depreciation on other fixed assets is provided on written down value method, computed on the basis of useful life prescribed in Schedule II to the Companies Act, 2013, on a pro-rata basis from the date the asset is ready to put to use subject to transitional provisions of Schedule II.

Depreciation on dies and moulds is provided based on useful life of the items ascertained on a technical estimate by management. Intangible assets are being amortised on written down value method over the useful life of 5-10 years, as estimated by management to be the economic life of the assets over which economic benefits are expected to flow.

Long term investments are stated at cost of acquisition inclusive of expenditure incidental to acquisition. A provision for diminution is made to recognise a decline, other than temporary in the value of long term investments.

The Company also provides benefit of compensated absences to its employees which are in the nature of long term benefit plan. The compensated absences comprises of vesting as well as non-vesting benefit. Liability in respect of compensated absences becoming due and expected to be availed within one year from the balance sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefits expected to be availed by the employees. Liability in respect of compensated absences becoming due and expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method as on the reporting date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the Statement of Profit and Loss in the year in which such gains or losses arise. Leave encashment fund is administered through Life Insurance Corporation of India and IndiaFirst Life Insurance Company Limited.

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2016 (Contd.)

ix) **Research and Development Expenses**

Revenue expenditure on research is expensed off under the respective heads of account in the year in which it is incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised, if the cost can be reliably measured, the product or process is technically and commercially feasible and the Company has sufficient resources to complete the development and to use and sell the asset. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the Statement of Profit and Loss as an expense as incurred.

Fixed assets used for research and development are depreciated in accordance with the Company's policy on fixed assets as stated above.

x) **Borrowing Costs**

Borrowing costs directly attributable to acquisition, construction or erection of fixed assets, which necessarily take a substantial period of time to be ready for the intended use are capitalised. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended use are complete.

Other borrowing costs are recognised as an expense in the Statement of Profit and Loss in the year in which they are incurred.

xi) **Foreign Currency Transactions**

a) *Initial Recognition*

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

b) *Subsequent Recognition*

Foreign currency monetary assets and liabilities are reported using the closing rate as at the reporting date.

Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

c) *Exchange Differences*

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements, are recognised as income or expense in the year in which they arise, except for exchange differences arising on foreign currency monetary items.

Exchange differences arising on long term foreign currency monetary items in so far as it relates to the acquisition of depreciable capital assets are added to the cost of such assets.

Exchange difference arising on long term foreign currency monetary items not related to the acquisition of depreciable capital assets are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortised over the remaining term of the loan.

xii) **Taxation**

Tax expense comprises current tax and deferred tax.

a) *Current Tax*

Provision for current income tax is made on the assessable income at the tax rate applicable to the relevant assessment year.

b) *Deferred Tax*

Deferred income taxes are recognised for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect on deferred tax assets and liabilities of change in tax rates is recognised in income using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, in the case of brought forward tax losses and tax depreciation, deferred tax assets are recognised only when there is virtual certainty supported by convincing evidence that such assets will be realised.

c) *Minimum Alternative Tax*

Minimum Alternative Tax credit ("MAT credit") is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India the said asset is created by way of a credit to the profit and loss account and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

xiii) **Derivative instruments**

a) *Forward contracts taken for highly probable/ forecast transactions*

b) *Forward contracts where an underlying asset or liability exists*

Profit or loss arising on cancellation or renewal of a forward contract is recognised as income or expense in the year in which such cancellation or renewal is made.

a) *Operating Leases*

b) Finance Leases

Assets acquired on lease where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at the inception of the lease at the lower of fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period. The resultant interest cost is charged to the Statement of Profit and Loss on accrual basis.

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may but probably will not require an outflow of resources. Disclosure is also made in respect of a present obligation that probably requires an outflow of resources, where it is not possible to make a reliable estimate of the related outflow. Where there is a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue and share split.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares, except where results would be anti-dilutive.

The Company on an annual basis makes an assessment of any indicator that may lead to impairment of assets. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount is less than the carrying amount, then the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is charged to the Statement of Profit and Loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

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Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2016 (Contd.)

	As at March 31, 2016 (Rs.in Crores)		As at March 31, 2015 (Rs.in Crores)	
Note 3 – SHARE CAPITAL				
a) AUTHORITY				
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 Rs.10/- each (Previous year 50,00,000 Shares of Rs.10/- each)		5.00		5.00
		<u>30.00</u>		<u>30.00</u>
b) ISSUED, SUBSCRIBED AND PAID-UP				
13,52,85,000 Equity Shares of Re.1/- each fully paid up (Previous year 13,52,85,000 Equity Shares of Re.1/- each)		13.53		13.53
		<u>13.53</u>		<u>13.53</u>
c) RECONCILIATION OF NUMBER OF EQUITY SHARES OUTSTANDING				
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	135285000	13.53	135285000	13.53
Movement during the year	—	—	—	—
Outstanding at the end of the year	135285000	13.53	135285000	13.53
d) DESCRIPTION OF THE RIGHTS, PREFERENCES AND RESTRICTIONS ATTACHED TO EACH CLASS OF SHARES				
Equity shares : The Company has only one class of equity shares having a face value of Re.1/- per share. All the existing equity shares rank pari passu in all respects including but not limited to entitlement for dividend, bonus issue and rights issue. These equity shares are listed on the National Stock Exchange of India Limited and BSE Limited.				
In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after settling of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.				
e) DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% EQUITY SHARES IN THE COMPANY				
Name of Shareholder	% of Holding	Number of Shares	% of Holding	Number of Shares
Kapsons Associates Investments Private Limited	28.77	38917050	28.77	38917050
Arvind Kapur	9.35	12652460	9.35	12652460
Arun Kapur	6.39	8651160	6.39	8651160
The above information is furnished as per the shareholder register as on March 31, 2016.				
f) The Company has not issued bonus shares, equity shares for consideration other than cash and also no shares have been bought back during the period of five years immediately preceding the reporting period.				

	As at March 31, 2016 (Rs.in Crores)	As at March 31, 2015 (Rs.in Crores)
Note 4 – RESERVES AND SURPLUS		
CAPITAL RESERVE		
Opening Balance*	0.00	0.00
Add : Additions during the year	—	—
Less : Utilised/transferred during the year	—	—
Closing Balance*	0.00	0.00
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
SECURITIES 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
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
FOREIGN CURRENCY MONETARY ITEM TRANSLATION DIFFERENCE ACCOUNT		
Opening Balance	—	—
Add : Exchange differences accumulated during the year	(1.46)	—
Less : Exchange differences amortised during the year	(0.21)	—
Closing Balance	(1.25)	—
GENERAL RESERVE		
As per last Balance Sheet	79.54	79.54
Add: Transferred from Statement of Profit and Loss	—	—
	79.54	79.54
STATEMENT OF PROFIT AND LOSS		
As per last Balance Sheet	202.19	81.91
Add : Profit transferred from Statement of Profit and Loss	27.07	171.87
Less : Proposed Dividend on Equity Shares	1.35	27.06
Less : Corporate Dividend Tax	0.28	5.41
Less : Interim dividend on equity shares	6.77	13.53
Less : Interim dividend tax	1.38	2.70
Less : Additional depreciation as per Schedule II	—	2.89
Net Surplus as per Statement of Profit and Loss	219.48	202.19
	445.01	428.97

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Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2016 (Contd.)

	As at March 31, 2016 (Rs.in Crores)	As at March 31, 2015 (Rs.in Crores)
Note 5 – LONG TERM BORROWINGS		
SECURED		
Term Loans:		
From Banks		
Foreign Currency Loans	107.93	6.88
Rupee Loans	30.05	93.65
From Financial Institutions	—	23.50
Vehicle Loans:		
From Financial Institutions	1.59	0.23
From Banks	0.27	0.47
	139.84	124.73
Less: Current maturities of long term secured borrowings (refer note 11)	48.39	38.54
Total	91.45	86.19
Security details and terms of repayment for borrowings covered under Note 5 and Note 11 are as follows:		
A. Secured Loans		
1. Foreign currency term loan from Export Import Bank of India carries interest @ Libor+ 5.00% p.a. (previous year Libor + 4.50%) and is repayable in 20 equal quarterly instalments after moratorium of 8 quarters. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of certain title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	4.63	6.88
2. Rupee term loan from Export Import Bank of India carries interest @ Base rate+ 2.00% p.a. Based on current spread, the current interest rate ranges from 11.70% p.a. to 12.25% p.a. (Previous Year 12.25%p.a. to 12.40% p.a.) and the loan is repayable in 20 equal quarterly instalments after a moratorium of 8 quarters. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of certain title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	10.05	18.65
3. Rupee term loan from Syndicate Bank carries interest rate ranging from 12.75% p.a to 12.20% p.a. (Previous year 12.75% p.a.) and is repayable in 14 equal quarterly instalments after a moratorium of 6 quarters. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of certain title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon. Additionally loan is, secured by land & buildings at Plot No.23, Sector 5, HSIIDC Phase II, GC Bawal, Haryana, land & buildings at Plot No.01 & 02, Industrial Park 4, Begumpur, Haridwar, Uttarakhand. The loan is also secured by way of personal guarantees of the Managing Director and Joint Managing Director of the Company.	20.00	75.00

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2016 (Contd.)

	As at March 31, 2016 (Rs.in Crores)	As at March 31, 2015 (Rs.in Crores)
4. Rupee term loan from Haryana State Industrial and Infrastructure Development Corporation Limited carries interest @ 12.50% p.a. (Previous Year 12.50% p.a.) and is repayable in 28 equal quarterly instalments after a moratorium of 4 quarters. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of certain title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon. This is additionally secured by personal guarantee of Managing Director and Joint Managing Director of the Company. This loan has been repaid on April 29, 2015.	—	23.50
5. Foreign currency term loan from Yes Bank Limited carries interest @ Libor+ 3.75 % p.a. and is repayable in 14 equal quarterly instalments after moratorium of 4 quarters. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of certain title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	26.46	—
6. Foreign currency term loan from Yes Bank Limited carries interest @ Libor+ 3.85 % p.a. and is repayable in 14 equal quarterly instalments after moratorium of 4 quarters. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of certain title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	4.96	—
7. Foreign currency term loan from Kotak Mahindra Bank Limited carries interest @ Libor+ 3.50 % p.a. and is repayable in 16 equal quarterly instalments after moratorium of 4 quarters. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of certain title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon. This is additionally secured by personal guarantees of the Managing Director and Joint Managing Director of the Company.	19.84	—
8. Foreign currency term loan from RBL Bank Limited carries interest @ Libor+ 3.85 % p.a. and is repayable in 14 equal quarterly instalments after moratorium of 4 quarters. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) situated at Dharuhera and Gurgaon and mortgage by way of deposit of certain title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	33.10	—
9. Vehicle loans are secured by hypothecation of vehicles financed and are repayable in equal monthly instalments ranging from 35-60 carrying interest @ 9.15% p.a. to 10.25% p.a.	1.86	0.70
10. Buyer's credit facility from State Bank of Patiala is secured by first pari passu charge on all current assets and second pari passu charge (unless specifically charged) on all movable fixed assets of the Company (both present and future) and is repayable at 12 months carrying interest @ Libor+ 0.84%.	6.62	—
11. Buyer's credit facility from Axis Bank Limited are secured by exclusive charge on immovable properties (land & Building) of the Company situated at Chennai and machinery imported under this facility and are repayable at 12 months carrying interest @ Libor+ 0.39%.	12.32	—
	139.84	124.73

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Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2016 (Contd.)

	As at March 31, 2016 (Rs.in Crores)	As at March 31, 2015 (Rs.in Crores)
Note 6 – DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liabilities arising on account of:		
Depreciation	16.26	17.76
Others	0.43	—
Less:		
Deferred Tax Asset arising on account of:		
Employee Benefits	5.02	3.30
Provision for doubtful debts	0.22	2.95
	<u>11.45</u>	<u>11.51</u>
Note 7 – OTHER LONG TERM LIABILITIES		
Security Deposits	1.19	1.11
	<u>1.19</u>	<u>1.11</u>
Note 8 – LONG TERM PROVISIONS		
Provision for Gratuity (refer note 36)	7.33	5.42
Provision for Compensated Absences	0.67	0.48
	<u>8.00</u>	<u>5.90</u>
Note 9 – SHORT TERM BORROWINGS		
SECURED		
Working Capital Loans from Banks:		
Foreign Currency Loans	74.58	37.63
Rupee Loans	9.15	0.42
Buyers' Credit in Foreign Currency from Banks	—	16.65
UNSECURED		
Rupee Loan from Related Party	—	0.70
	<u>83.73</u>	<u>55.40</u>
Security Details		
1. Working capital loans/facilities are secured against first pari-passu charge on all the current assets of the Company including all types of stocks and book debts / receivables (both present and future).	9.15	0.42
2. Packing credit facility from Kotak Mahindra Bank Limited is secured against first pari-passu charge on all the current assets of the Company (both present and future).	38.50	20.09
3. Packing credit facility from Yes Bank Limited is secured against 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, consumables and receivables.	21.53	3.75
4. Buyer's credit facility from State Bank of Patiala is secured by first pari-passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of certain title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	—	5.25

	As at March 31, 2016 (Rs.in Crores)	As at March 31, 2015 (Rs.in Crores)
5. Buyer's credit facility from Axis Bank are secured by exclusive charge on all machineries/assets imported /acquired by utilising the said facilities and additionally secured by the personal guarantee of the promoter director of the Company.	—	11.40
6. Packing credit facility from IDBI Bank is secured against 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, consumables and receivables.	14.55	13.79
Unsecured Loans		
7. This loan has been taken from Magpie Properties Private Limited, related party of the Company. (refer note 45).	—	0.70
	83.73	55.40
Note 10 – TRADE PAYABLES		
Payable to micro enterprises and small enterprises (refer note 34)	6.50	19.22
Other payables		
Acceptances	11.11	11.58
Other than acceptances	68.29	84.60
Due to related parties (refer note 45)	6.38	7.13
	85.78	103.31
Note 11 – OTHER CURRENT LIABILITIES		
Current Maturities of Long-Term Debts (refer note 5 for security and re-payment details)		
SECURED		
Foreign Currency Loans	40.98	2.50
Rupee Loans	7.41	36.04
Interest accrued but not due on borrowings	0.38	0.67
Unclaimed Dividends	1.20	0.62
Statutory Liabilities	2.50	2.75
Payable for Capital Purchases	3.54	1.40
Employee Benefits Payable	8.32	6.57
Security Deposits	1.55	1.63
Advances from Customers	4.61	9.47
Other Liabilities	0.08	3.88
	70.57	65.53
Note 12 – SHORT TERM PROVISIONS		
Provision for Gratuity (refer note 36)	1.18	1.14
Provision for Compensated Absences	0.11	0.12
Provision for Dividend	1.35	27.06
Provision for Tax on Dividend	0.28	5.41
	2.92	33.73

Note 13 – FIXED ASSETS

		GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK		
Particulars	As on 01.04.2015	Additions During the Year	Disposals During the Year	Other Adjustments Exchange Differences	Other Adjustments Borrowing Costs	As at 31.03.2016	As on 01.04.2015	Charge for the Year	Additional Depreciation	Adjustment upon Deletion	As at 31.03.2016	As at 31.03.2015
TANGIBLE ASSETS												
LAND												
(a) Freehold	16.41	—	—	—	—	16.41	—	—	—	—	16.41	16.41
(b) Leasehold	14.86	4.63	—	—	—	19.49	0.88	0.19	—	—	18.42	13.98
BUILDINGS	106.00	0.16	—	—	—	106.16	30.93	3.18	—	—	72.05	75.07
FURNITURE & FIXTURES	3.74	0.01	—	—	—	3.75	3.35	0.09	—	—	0.31	0.39
PLANT & MACHINERY	446.14	19.34	4.38	1.24	0.21	462.55	278.10	24.05	—	2.55	162.95	168.04
DIES & MOULDS	45.47	2.95	2.89	—	—	45.53	25.16	6.09	—	—	14.28	20.31
OFFICE EQUIPMENT	17.18	0.16	—	—	—	17.34	15.68	0.16	—	—	1.50	1.50
VEHICLES	10.02	3.53	1.93	—	—	11.62	6.66	1.50	—	1.63	5.09	3.36
	659.82	30.78	9.20	1.24	0.21	682.85	360.76	35.26	—	4.18	391.84	299.06
											291.01	299.06

INTANGIBLE ASSETS													
COMPUTER SOFTWARES	9.50	—	—	—	—	9.50	9.37	0.13	—	—	9.50	—	0.13
	9.50	—	—	—	—	9.50	9.37	0.13	—	—	9.50	—	0.13
CURRENT YEAR													
TOTAL	669.32	30.78	9.20	1.24	0.21	692.35	370.13	35.39	—	4.18	401.34	291.01	299.19
PREVIOUS YEAR													
TOTAL	1,047.16	51.66	429.79	0.29	—	669.32	529.11	64.22	4.28	227.48	370.13	299.19	518.05

	As at March 31, 2016 (Rs.in Crores)	As at March 31, 2015 (Rs.in Crores)
Note 14 – Non current investments		
Long term investment (at cost) - unquoted		
Investments in Subsidiaries		
Rico Auto Industries Inc. (USA) 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) Ltd. (U.K.) 20,000 Equity Shares of GBP 1/- each (Previous year 20,000 Equity Shares of GBP 1/- each)	0.17	0.17
Uttarakhand Automotives Limited 4,10,000 Equity Shares of Rs.10/- each (Previous year 4,10,000 Equity Shares of Rs.10/- each)	0.41	0.41
AAN Engineering Industries Limited 50,000 Equity Shares of Rs.10/- each (Previous year 50,000 Equity Shares of Rs.10/- each)	0.05	0.05
Rico Investments Limited 4,60,00,000 Equity Shares of Rs.10/- each (Previous year 4,60,00,000 Equity Shares of Rs.10/- each)	46.00	46.00
4,40,00,000 12% Redeemable Compulsorily Convertible Non Cumulative Preference Shares of Rs.10/- each (Previous year 4,40,00,000 12% Redeemable Compulsorily Convertible Non Cumulative Preference Shares of Rs.10/- each)	44.00	44.00
25,000,000 10.25%, Compulsorily Convertible Debentures (CCDs) of Rs.10/- each (Previous year Nil)	25.00	—
	115.75	90.75
Investment in Joint Venture		
Magna Rico Powertrain Private Limited 2,11,20,000 Equity Shares of Rs.10/- each (Previous year 2,11,20,000 Equity Shares of Rs.10/- each)	21.12 21.12	21.12 21.12
Total Value of unquoted Investments	136.87	111.87
Note 15 – LONG TERM LOANS AND ADVANCES		
a) Capital advances: Unsecured, considered good [Includes advances of Rs.9.72 crores (Previous year Rs.9.72 crores) to related parties, refer note 45]	11.77	14.72
b) Security deposits: Unsecured, considered good	5.55	5.55
c) Loans and advances to related parties: Unsecured, considered good (refer note 45)	51.57	34.18
d) Loans and advances to employees: Unsecured, considered good	—	0.06
e) Advance income tax [net of provisions of Rs.7.64 crores (Previous year Rs.48.39 crores)]	9.61	12.25
f) Minimum alternate tax entitlement	1.44	0.26
g) Prepaid expenses	0.35	0.68
h) Others*	0.00	0.00
	80.29	67.70
* Amounts have been rounded off to zero		

* Amounts have been rounded off to zero

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Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2016 (Contd.)

	As at March 31, 2016 (Rs.in Crores)	As at March 31, 2015 (Rs.in Crores)
Note 16 – OTHER NON CURRENT ASSETS		
Bank deposits with maturity of more than 12 months (refer note 20)	0.22	—
	<u>0.22</u>	<u>—</u>
Note 17 – CURRENT INVESTMENTS (QUOTED)		
2,12,931 units of Axis Liquid Fund @ NAV of Rs.1,549.80 per unit	—	33.00
35,196 units of Reliance Liquid Fund @ NAV of Rs.3,409.45 per unit	—	12.00
19,83,832 units of BOI Axa Corporate credit Spectrum Fund- Direct growth @ NAV of Rs.10.08 per unit	2.00	—
	<u>2.00</u>	<u>45.00</u>
Aggregate Market Value (NAV)	2.19	45.01
Note 18 – INVENTORIES		
(valued at lower of cost or net realisable value)		
Stores and spares	23.16	18.94
Raw material and components	10.67	7.97
Goods-in-transit - Components	1.15	1.19
Work-in-progress	13.78	11.34
Finished goods	—	5.99
	<u>48.76</u>	<u>45.43</u>
Note 19 – TRADE RECEIVABLES		
Outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	8.91	10.96
Unsecured, considered doubtful	0.64	—
	<u>9.55</u>	<u>10.96</u>
Less : Provision for doubtful receivables	(0.64)	—
	<u>8.91</u>	<u>10.96</u>
Other debts		
Unsecured, considered good	141.04	132.38
	<u>149.95</u>	<u>143.34</u>
Note 20 – CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash on hand	0.33	0.07
Cheques in hand	—	0.06
Balances with banks		
In current accounts	1.44	0.07
Other bank balances		
In dividend accounts	1.20	0.62
Bank deposits with maturity of more than 3 months and less than 12 months*	1.09	—
Bank deposits with maturity of more than 12 months*	0.22	—
Less : Bank deposits with maturity of more than 12 months*	(0.22)	—
	<u>4.06</u>	<u>0.82</u>
*Pledged with bank for issuing letter of credit		

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2016 (Contd.)

	As at March 31, 2016 (Rs.in Crores)	As at March 31, 2015 (Rs.in Crores)
Note 21 – SHORT TERM LOANS AND ADVANCES (Unsecured considered good)		
Inter corporate deposits	6.75	8.72
Loans and advances to employees	0.95	0.86
Advance to suppliers	3.14	2.70
Advance to related parties (refer note 45)	—	46.82
Prepaid expenses	2.33	2.93
Balance with statutory/ government authorities on account of:		
Service tax	1.38	1.57
Excise duty	25.56	10.45
Sales tax	5.68	1.44
Others	5.53	7.81
Less: Provision on advances to related parties (refer note 45)	—	8.67
	51.32	74.63
Note 22 – OTHER CURRENT ASSETS		
Export incentive receivable	1.30	8.36
Unbilled revenue*	0.00	1.44
Accrued interest	1.79	—
Others	0.30	0.07
	3.39	9.87
* Amount has been rounded off to zero		
	Year ended March 31, 2016 (Rs.in Crores)	Year ended March 31, 2015 (Rs.in Crores)
Note 23 – REVENUE FROM OPERATIONS		
Sale of products [refer note 23(a) below]	946.06	873.29
Job work charges	0.18	0.03
Other operating revenues		
Scrap sales	10.77	23.98
Duty draw back and other export incentives	7.08	7.95
Support services	4.85	12.52
Others	2.69	7.60
	971.63	925.37
Note 23 (a) – Detail of major products sold :		
Auto parts - aluminium	638.71	623.12
Auto parts - ferrous	284.84	249.23
Dies and Moulds	22.51	0.94
	946.06	873.29
Note 24 – OTHER INCOME		
Interest income	4.12	2.90
Dividend income from erstwhile Joint Venture, FCC Rico Limited	—	7.03
Exchange rate fluctuation (net)	3.79	2.40
Rental income from operating lease	7.96	0.36
Profit on sale of Mutual Fund	1.40	2.30
Insurance claim recovered	0.36	3.26
Miscellaneous income	0.79	0.28
	18.42	18.53

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Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2016 (Contd.)

	Year ended March 31, 2016 (Rs.in Crores)	Year ended March 31, 2015 (Rs.in Crores)
Note 25 – COST OF RAW MATERIALS AND COMPONENTS CONSUMED		
Raw material and components		
Opening stock	7.97	11.44
Add : Purchases during the year	574.79	429.83
Less : Closing stock [refer note 25(b)]	10.67	7.97
Raw material and components consumed [refer note 25(a)]	572.09	433.30
Note 25(a) – Detail of major components of raw material consumption are as follows:		
Aluminium alloy	218.43	241.17
Pig iron and steel scrap	—	60.02
Other materials and components	353.66	132.11
Total	572.09	433.30
Note 25(b) – Detail of closing stock of raw materials and components are as follows:		
Aluminium alloy	4.05	2.61
Other materials and components	6.62	5.36
Total	10.67	7.97
Note 26 – CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS		
(a) Work-in-progress		
Opening stock	11.34	18.76
Closing stock	13.78	11.34
	(2.44)	7.42
(b) Finished goods		
Opening stock	5.99	1.35
Closing stock	—	5.99
	5.99	(4.64)
Total	3.55	2.78
Note 27 – EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	74.90	96.35
Contribution to provident and other funds	7.22	15.82
Staff welfare expenses	4.10	4.73
	86.22	116.90
Note 28 – FINANCE COSTS		
Interest expenses on		
Borrowings	14.25	42.81
Trade payables	0.11	3.41
Other borrowing costs	2.44	0.75
Net loss on foreign currency transactions and translation on borrowings	2.90	—
	19.70	46.97

	Year ended March 31, 2016 (Rs.in Crores)	Year ended March 31, 2015 (Rs.in Crores)
Note 29 – OTHER EXPENSES		
Consumption of stores and spares	31.80	52.34
Power and fuel	36.94	94.59
Sub contracting expenses	26.41	34.19
Rent (refer note 44)	1.07	1.34
Repairs		
To Buildings	0.98	0.64
To Machinery	2.20	2.35
To Others	2.70	2.00
Insurance	2.24	2.95
Rates and taxes	0.86	2.05
Directors' sitting fees	0.34	0.28
Travelling and conveyance	2.88	2.68
Legal and professional [refer note 29(a)]	3.68	3.58
Vehicle running and maintenance expenses	2.55	3.34
Freight and forwarding	20.91	25.66
Line rejection and re-work charges	2.67	3.02
Provision for doubtful debts	0.64	—
Balances written off	8.75	—
Miscellaneous expenses	3.33	2.13
	150.95	233.14
Note 29(a) – Payment to the auditors comprises :		
Statutory audit (including limited reviews)	0.47	0.25
Certification	0.02	0.11
Others	—	0.04
Out of pocket expenses	0.03	0.07
	0.52	0.47
Note 30 – PRIOR PERIOD ITEMS (NET)		
Interest Income/(expense)	0.01	(1.29)
Others	0.39	0.02
	0.40	(1.27)
Note 31 – EXCEPTIONAL ITEMS		
Loss on sale of investments in subsidiaries*	—	49.07
Loss on sale of business division*	—	173.62
Profit on sale of shares in the Joint Venture, FCC Rico Limited*	—	(486.63)
Loss on diminution in the value of loans and advances*	—	39.16
Others*	2.85	3.84
	2.85	(220.94)
*Refer note 53		
Note 32 – EARNING PER SHARE		
Profit after tax (A)(Rs.)	27.07	171.87
Weighted average number of Equity shares (basic/diluted)(B)	13,52,85,000	13,52,85,000
Nominal value of Equity share (Re.)	1.00	1.00
Earnings per share (A/B) (Rs.)	2.00	12.70

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2016 (Contd.)

Note 33 – CONTINGENT LIABILITIES

I) Demand against the Company not acknowledged as Liability

(Rs.in Crores)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
i) Income Tax (TDS)	0.07	0.18
ii) Sales Tax	0.26	0.26
iii) Excise and Service Tax	11.70	9.99
iv) Others	5.61	5.61

Income Tax Cases

- Income tax department has raised demand for Rs.0.07 crore (previous year Rs.0.18 crore). This is on account of filing of incorrect particulars regarding challans deposited as compared to actual challans deposited for the period up to 2010-11. The liability has reduced after correct submission of particulars in revised challans.

Sales Tax Cases

- A demand was raised under Haryana VAT Act 2003 for denial of input credit availed on purchase of furnace oil. The demand was confirmed by Joint Commissioner (Range) for Rs.0.04 crore (previous year Rs.0.04 crore). An appeal was filed with Haryana Sales Tax Tribunal on February 23, 2013. Tribunal has remanded the case back to Joint Commissioner, Gurgaon. There has been no change in status of the case from last year.
- A demand was raised under Haryana VAT Act 2003 for denial of input credit availed on purchase of furnace oil. The order passed by the Deputy Excise and Taxation Commissioner, Rewari for Rs.0.22 crore (previous year Rs.0.22 crore). The Company has filed an appeal with Haryana Sales Tax Tribunal on August 25, 2014. During the year, the Tribunal has remanded back the case to Assessing Authority.

Excise and Service Tax Cases

- Department has issued a show cause notice dated August 23, 2007 on the ground that the capital goods namely roof ventilator and evaporating cooling machine are not capital goods for the purpose of availment of CENVAT credit. Commissioner of Central Excise has confirmed the demand along with an equal amount of penalty. The Company aggrieved by the order filed an appeal before CESTAT on April 28, 2009 against the decision. However, the CESTAT has granted unconditional stay from recovery of impugned amount on deposit of Rs.0.03 crore. Amount involved was Rs.0.47 crore. During the year, the Company has received an order from the CESTAT in its favour.
- A show cause notice was issued by the Commissioner on removal of dies for job work without payment of duty. Commissioner passed the order on September 15, 2008 demanding excise duty of Rs.0.75 crore, penalty of equal amount, interest at the applicable rate and a fine in lieu of confiscation of Rs.0.10 crore on the dies released provisionally. Further, Company has also furnished a bond of Rs.0.42 crore and a bank guarantee of Rs.0.004 crore. A stay application was filed before the CESTAT. Total amount involved is Rs.2.84 crores (previous year Rs.2.71 crores). Current year movement represents interest.
- A show cause notice was received from the Joint Commissioner of Central Excise towards cenvat credit availed on custom house agent and courier export related services during previous years 2004-05 to 2007-08. The Commissioner has confirmed the demand against which the Company filed an appeal before CESTAT. CESTAT ordered pre deposition of Rs.0.24 crore. The amount involved is Rs.1.55 crores (previous year Rs.1.47 crores). Current year movement represents interest.
- A show cause notice was received from Additional Commissioner of Central Excise on availment of cenvat on construction and other repair and maintenance service during previous years 2005-06 to 2010-11. Commissioner of Central Excise confirmed the demand against which the Company filed an appeal before the CESTAT on June 29, 2012. CESTAT has granted an unconditional stay on February 19, 2013. Matter is pending for final decision before the Tribunal. Amount involved is Rs.2.27 crores (previous year Rs.2.15 crores). Current year movement represents interest.
- Department has issued a show cause notice dated January 17, 2011 in respect of claim of cenvat on insurance, catering, tent house and taxi & travels for the period 2010-11. Joint commissioner has confirmed the demand against reply filed. An appeal was filed before the commissioner of central excise (appeals) Delhi-III, Gurgaon on January 31, 2012. Commissioner (Appeals) in its order dated January 21, 2013 decided the appeal in favour of Company on May 7, 2013. The department has filed an appeal before Tribunal against said order. The amount involved is Rs.0.45 crore (Previous year Rs.0.42 crore). Current year movement represents interest.

- f. Department has issued a show cause notice received from Joint Commissioner of Central Excise dated October 08, 2008 in respect of claim of cenvat on insurance, catering, tent house and taxi & travels for the period 2004-05 to 2007-08. Demand was confirmed by Additional Commissioner, against reply filed. Appeal filed before the commissioner of central excise (appeals) Delhi-III, Gurgaon on March 21, 2014. The amount involved is Rs.1.37 crores (Previous year Rs.1.30 crores). Current year movement represents interest.
- g. Department has issued a show cause notice dated April 17, 2009 in respect of claim of cenvat on insurance, catering, tent house and taxi & travels for the period 2008-09. On January 30, 2014 Additional Commissioner has confirmed the demand against the reply filed. Appeal filed before the commissioner of central excise (appeals) Delhi-III, Gurgaon on March 21, 2014. The amount involved is Rs.0.20 crore (Previous year Rs.0.19 crore). Current year movement represent interest
- h. Department has issued a show cause notice dated February 18, 2010 in respect of claim of cenvat on insurance, catering, tent house and taxi & travels for the period February, 2009 to December, 2010 . On January 30, 2014 Additional Commissioner has confirmed the demand against the reply filed. Appeal filed before the commissioner of central excise (appeals) Delhi-III, Gurgaon on March 21, 2014. The amount involved is Rs.0.31 crore (Previous year Rs.0.29 crore). Current year movement represent interest
- i. Department has issued a show cause notice dated December 27, 2011 in respect of claim of cenvat on insurance, catering, tent house and taxi & travels for the period January 2011 to November 2011. On January 30, 2014 Additional Commissioner has confirmed the demand against the reply filed. Appeal filed before the commissioner of central excise (appeals) Delhi-III, Gurgaon on March 21, 2014. The amount involved is Rs.0.02 crore (Previous year Rs.0.01 crore). Current year movement represents interest.
- j. Department has issued a show cause notice dated December 31, 2012 in respect of claim of cenvat on insurance, catering, tent house and taxi & travels for the period December 2011 to November 2012. On January 30, 2014 Additional Commissioner has confirmed the demand against the reply filed. Appeal filed before the commissioner of central excise (appeals) Delhi-III, Gurgaon on March 21, 2014. The amount involved is Rs.0.79 crore (Previous year Rs.0.73 crore). Current year movement represents interest.
- k. A show cause notice has been received from the Additional Commissioner of Central Excise towards Cenvat availed on outward freight during 2005-06 and 2006-07. The Joint Commissioner confirmed the demand against which the Company appealed before CESTAT. The Tribunal remanded back the case to the Commissioner (Appeals) and it is pending before it. Amount involved is 0.26 crore (previous year Rs.0.25 crore). Current year movement represents interest.
- l. A show cause notice has been received from commissioner of central excise to deposit inadmissible cenvat credit availed on the capital goods destroyed in fire. The demand has been confirmed by Additional. Commissioner against which the Company appealed before the Commissioner (Appeals) of Central Excise. Amount involved Rs.1.64 crores.

- a. Dakshin Haryana Bijli Vitran Nigam (DHBVN) has demanded Rs.5.60 crores (previous year Rs.5.60 crores) for overdrawing power as compared to approved load limit. DHBVN filed a writ petition before Honorable High Court of Punjab and Haryana which was dismissed on account of non-prosecution on February 15, 2016. DHBVN filed an appeal before double judge bench and the next hearing is scheduled on July 21, 2016. The Company deposited Rs.3.60 crores during the financial year 2011-12 which is disclosed in note 21 "Short Term loan and advances under sub head others".
- b. A demand was raised under Haryana Local Area Development Tax Act, 2000 for tax on central purchase of certain items. An appeal was filed before with Joint Commissioner (Appeal) and the amount involved is Rs.0.01 crore (Previous year Rs.0.01 crore).

a. On behalf of subsidiary companies:
The Company has given Corporate Guarantees to the Bankers for the loan taken by following Subsidiaries:

Name of the Subsidiary/Step Down Subsidiary		Year ended March 31, 2016	Year ended March 31, 2015
i)	Rasa Autocom Limited	5.00	8.00
ii)	Rico Jinfei Wheels Limited	—	10.00

• RELIABILITY • INNOVATION • COMPETITIVENESS • GLOBALIZATION

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2016 (Contd.)

III) Others

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.4.66 crores (previous year Rs.117.20 crores). Amount of custom duty included is Rs.4.28 crores (previous year Rs.14.65 crores)

Note 34 – Dues to micro, small and medium enterprises.

(Rs.in Crores)

Particulars	As at March 31, 2016		As at March 31, 2015	
	Principal	Interest	Principal	Interest
1. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	6.50	0.01	19.22	0.24
2. The amount of interest paid by the buyer in terms of section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	—	—	—	—
3. 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 MSMED Act;	—	—	—	—
4. The amount of interest accrued and remaining unpaid at the end of each accounting year; and	—	0.01	—	0.24
5. 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 the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act.	—	—	—	—

Note 35 – COMMITMENTS

(Rs.in Crores)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Estimated amount of contracts remaining to be executed on account of capital commitments [net of advances Rs.2.05 crores (previous year Rs.0.50 crore)]	2.52	3.07

Note 36 – EMPLOYMENT BENEFITS

(Rs.in Crores)

• RELIABILITY • INNOVATION • COMPETITIVENESS • GLOBALIZATION

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Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2016 (Contd.)

V) Amounts for the current and previous years are as follows:

(Rs.in Crores)

Particulars	Year ended				
	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015	March 31, 2016
1. Defined benefit obligation at the end of the period	(10.33)	(13.01)	(14.67)	(14.55)	(15.63)
2. Plan assets at the end of the period	5.28	4.90	4.49	7.99	7.12
3. Funded assets	(5.05)	(8.11)	(10.18)	(6.57)	(8.51)
4. Experience loss adjustments on plan liabilities	(0.64)	(0.96)	(0.30)	(2.58)	(0.30)
5. Experience gain adjustments on plan assets	0.01	0.01	(0.02)	(0.15)	(0.03)
6. Actuarial gain/(loss) due to change in actuarial assumptions	(0.70)	(0.68)	0.05	(1.78)	—

VI) Assumptions used to determine the benefit obligations

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Discount rate	8.00%	8.00%
Rate of increase in compensation levels	7.00%	7.00%
Expected return on planned assets	9.25%	9.25%

The Company expects to contribute Rs.3.00 crores to gratuity fund in the next financial year.

C. Other Long Term Benefit Plans

Other long term benefit plans represent the compensated absences provided to the employees of the Company. These plans have been calculated using projected unit credit method in accordance with Accounting Standard 15 Employee benefit.

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
I) Actuarial valuation has been done with the following assumptions		
Discount rate	8.00%	8.00%
Rate of increase in compensation levels	7.00%	7.00%
Expected rate of return on planned assets	9.25%	9.25%

Note 37 – EXPENSES ON RESEARCH AND DEVELOPMENT

(Rs.in Crores)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Capital expenditure	0.25	0.31
Employees benefits expense	4.86	3.85
Revenue expenditure other than depreciation	1.68	0.73
Depreciation on research and development assets	0.45	0.39

Note 38 – COMPOSITION OF IMPORTED AND INDIGENOUS RAW MATERIAL (INCLUDING COMPONENTS AND SPARES)
(Rs.in Crores)

— Previous year Consumption includes interunit Rs.95.81 crores.

Trade Receivables	62.06	40.89
Trade Payables	4.43	6.00
Loans (Secured)		
Buyer's credit facility	18.94	16.65
Term loan	88.99	6.88
Packing credit facility	74.58	37.63

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Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2016 (Contd.)

Note 43 – DISCLOSURE UNDER REGULATION 34(3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:

(Rs.in Crores)

Loans and Advances in the Nature of Loans to Subsidiaries		Balance as on		Maximum balance during the year ended	
Name of Entity	Status	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Rasa Autocom Limited	Step Down Subsidiary	17.13	34.76	35.30	49.73
Rico Jinfei Wheels Limited	Step Down Subsidiary	32.14	32.36	33.16	51.89
Uttarakhand Automotives Limited	Subsidiary	—	13.27	13.27	24.28
Rico Aluminium and Ferrous Auto Components Limited	Step Down Subsidiary	—	0.01	0.01	1.82
AAN Engineering Industries Limited	Subsidiary	1.92	0.62	1.92	1.06
Rico Investments Limited	Subsidiary	0.00*	—	0.17	—

* Amounts have been rounded off to zero

Note 44 – The Company's operating lease payments are due on premises taken on lease for operating activities. Aggregate rental expenses under operating leases amounted to Rs.1.07 crores (previous year Rs.1.34 crores) for the year, has been charged to the statement of profit and loss.

The future minimum operating lease payments in respect of premises taken on lease are as follow:

(Rs.in Crores)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Minimum lease payments		
Due within one year	0.19	0.19
Due for period more than one but less than five years	1.32	1.18
Due for period more than five years	16.13	16.46
Total minimum lease payment	17.64	17.83

Note 45 – RELATED PARTY DISCLOSURES

A. Related Parties where control exists

Name of Related Parties	Description of Relationship
Rico Auto Industries Inc. (USA)	Subsidiary
Rico Auto Industries (UK) Limited	Subsidiary
Uttarakhand Automotives Limited	Subsidiary
AAN Engineering Industries Limited	Subsidiary
Rico Investments Limited*	Subsidiary
Rico Aluminium and Ferrous Auto Components Limited (formerly RAA Autocom Limited)*	Step down Subsidiary
Rasa Autocom Limited*	Step down Subsidiary
Rico Jinfei Wheels Limited*	Step down Subsidiary
FCC Rico Limited (till December 23, 2014)	Joint Venture

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2016 (Contd.)

Name of Related Parties	Description of Relationship
Magna Rico Powertrain Private Limited	Joint Venture
Kapsons Associates Investments Private Limited	Entity in which KMP exercise significant influence
Higain Investments Private Limited	Entity in which KMP exercise significant influence
Magpie Properties Private Limited	Entity in which KMP exercise significant influence
Raasaa Retail Private Limited (till February 16, 2015)	Entity in which KMP exercise significant influence
Octan Media Limited	Entity in which KMP exercise significant influence
ASN Properties Private Limited	Entity in which KMP exercise significant influence
Rico Castings Limited	Entity in which KMP exercise significant influence
T.K. Precision Private Limited	Entity in which KMP exercise significant influence
Kapbros Engineering Industries Limited	Entity in which KMP exercise significant influence
Haridwar Estates Private Limited	Entity in which KMP exercise significant influence

* A Subsidiary Company namely Rico Investments Limited has been incorporated on January 7, 2015. Rico Investments Limited is a Core Investment Company (CIC), incorporated for the purpose of acquiring and holding strategic Investments in the Group Companies of Rico Auto Industries Limited. The Company holds investments in three subsidiaries, namely Rasa Autocom Limited, Rico Jinfei Wheels Limited and Rico Aluminium and Ferrous Auto Components Limited (formerly known as RAA Autocom Limited).

B. Key Management Personnel

Details of key managerial personnel are as under:

- i) Shri Arvind kapur – Chairman, CEO & Managing Director
- ii) Shri Arun Kapur – Joint Managing Director
- iii) Shri O.P. Aggarwal – Chief Financial Officer (upto March 31, 2015)*
- iv) Shri Sanjay Syal – Chief Financial Officer (from April 1, 2015)*
- v) Shri B.M Jhamb – Company Secretary*

*as per Companies Act, 2013

C. Transactions with Related Parties

(Rs.in Crores)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
A. STEP DOWN SUBSIDIARY/SUBSIDIARY		
1. Rasa Autocom Limited		
Transactions during the year		
Purchase of goods	38.90	4.94
Sale of goods	0.95	3.27
Purchase of assets	—	4.90
Sale of assets	1.76	0.50
Job work income	0.06	-
Job work expenses	2.10	0.75
Loan given	—	21.88
Loan received back	17.63	5.52
Interest received on advances written off	—	5.10
Balance outstanding		
Balance recoverable	—	0.51
Loans	17.13	34.76
Guarantees given	5.00	8.00

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Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2016 (Contd.)

(Rs.in Crores)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
2. Rico Jinfei Wheels Limited		
Transactions during the year		
Purchase of goods	0.02	0.04
Sale of goods	0.57	0.35
Job work expense	0.00*	0.13
Sale of assets	—	0.10
Job work income	—	0.02
Loan given	1.15	31.12
Loan received back	1.37	18.02
Interest received on advances written off	—	12.53
Balance outstanding		
Balance recoverable	2.79	3.51
Loans	32.14	32.36
Guarantees given	—	10.00
3. Rico Aluminium and Ferrous Auto Components Limited (formerly RAA Autocom Limited)		
Transactions during the year		
Purchase of goods	296.07	4.59
Sale of Goods or Materials	22.22	—
Administration, finance, production support services	5.49	—
Rent income	8.95	0.13
Advance given for purchases	—	0.18
Loan given	—	0.01
Loan received back	0.01	-
Interest income	0.27	0.01
Interest received on advances written off	—	1.80
Proceeds from sale of business divisions	—	44.40
Job work expenses	9.68	0.25
Balance outstanding		
Balance payable	5.42	4.58
Loans	—	0.01
4. Rico Auto Industries Inc, USA		
Transactions during the year		
Sale of goods	146.68	90.61
Balance outstanding		
Balance recoverable	43.51	24.73
5. Rico Auto Industries (UK) Limited, UK		
Transactions during the year		
Sale of goods	40.92	29.73
Balance outstanding		
Balance recoverable	9.93	3.40
6. AAN Engineering Industries Limited		
Transactions during the year		
Purchase of assets	—	0.02
Rent income	0.03	0.03
Loan given	1.44	0.07
Loan received back	0.14	—

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2016 (Contd.)

(Rs.in Crores)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Interest received on advances written off	—	0.05
Reimbursement of expenses	—	0.03
Job work expenses	0.08	—
Balance outstanding		
Balance recoverable	0.45	0.44
Loans	1.92	0.62
7. Uttarakhand Automotives Limited		
Transactions during the year		
Provision created on advances given	—	8.67
Loan given	—	0.89
Advance given	0.38	—
Interest received on advances written off	-	11.02
Purchase of land	4.60	—
Provision written off	8.67	—
Balance outstanding		
Loans	—	13.27
Advance	0.38	—
8. Rico Investments Limited		
Transactions during the year		
Investment made	—	90.00
Proceeds from sale of investment	—	1.50
Rent income	0.00*	—
Purchase of debentures	25.00	—
Interest on debentures	2.13	—
Balance outstanding		
Balance recoverable	0.64	—
B. JOINT VENTURE		
1. FCC Rico Limited		
Transactions during the year		
Purchase of goods	—	7.41
Sale of goods	—	31.45
Administration, finance, production support service	—	12.53
Dividend received	—	7.03
Balance outstanding		
Balance recoverable	—	1.74
2. Magna Rico Powertrain Private Limited		
Transactions during the year		
Job work income	0.00*	0.02
Sale of goods	6.70	5.70
Miscellaneous sales	—	0.12
Miscellaneous income	0.09	—
Balance outstanding		
Balance recoverable	2.56	1.85

RICO 2015-2016

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2016 (Contd.)

(Rs.in Crores)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
C. ENTITY IN WHICH KMP EXERCISE SIGNIFICANT INFLUENCE		
1. Rico Castings Limited		
Transactions during the year		
Purchase of goods	7.80	11.35
Sale of goods	4.92	7.38
Purchase of assets	—	4.51
Miscellaneous sales	—	0.03
Job work expense	0.02	3.18
Job work income	0.07	—
Advance, net	—	(2.97)
Balance outstanding		
Balance recoverable	0.36	—
Balance payable, net	—	1.22
2. Kapbros Engineering Industries Limited		
Transactions during the year		
Purchase of goods	0.31	2.64
Sale of goods	0.51	2.01
Purchase of assets	4.27	1.03
Sale of assets	0.12	2.02
Job work expense	0.43	16.67
Balance outstanding		
Balance recoverable, net	—	1.69
Balance payable, net	0.02	—
3. Kapsons Associates Investments Private Limited		
Transactions during the year		
Rent expense	0.69	0.38
Balance outstanding		
Security deposit	0.18	0.18
4. Magpie Properties Private Limited		
Transactions during the year		
Loan taken	—	5.25
Loan repaid	0.70	4.55
Interest expense	0.21	—
Balance outstanding		
Loan taken	—	0.70
5. Haridwar Estates Private Limited		
Balance outstanding		
Capital advance	9.72	9.72
6. T.K. Precision Private Limited		
Transactions during the year		
Purchase of goods	4.25	5.02
Balance outstanding		
Balance payable	0.94	1.33

(Rs.in Crores)

2. The above transactions are in the ordinary course of business.

(Rs.in Crores)

(Rs.in Crores)77

RICO - Made in India with Pride

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2016 (Contd.)

b. Loss on sale of business divisions:

As detailed in Note 52A above, the Company had sold its (a) Ferrous Undertaking and (b) Non- Ferrous based auto components business division on a going concern basis and had recorded a loss of Rs.173.62 crores.

c. Loss on sale of investments in subsidiaries:

As detailed in Note 52B above, the Company had sold its investment in RAFA (formerly known as RAA Autocom Limited), Rasa Autocom Limited and Rico Jinfei Wheels Limited and had recorded a loss of Rs.49.07 crores.

d. Loss on diminution in the value of loans and advances:

The Company entered into settlement agreement with RAFA (formerly known as RAA Autocom Limited), Uttarakhand Automotives Limited, Rico Jinfei Wheels Limited and Rasa Autocom Limited for recovery of loans aggregating to Rs.100.19 crores given by the company over the past few years. As per the settlement agreement, out of Rs.100.19 crores, an aggregate of Rs.30.49 crores, representing interest accrued on such loans and Rs.8.67 crores of the loan balance recoverable from Uttarakhand Automotives Limited has been written off.

e. Other items:

Expenditure incurred pursuant to Voluntary Retirement Scheme of the company amounting to Rs.2.58 crores and Land written off amounting to Rs.1.26 crores.

Note 54 – Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company. The areas of CSR activities are promoting education among children. The funds were primarily allocated and utilised for the activities which are specified in Schedule VII of the Companies Act, 2013.

a) Gross amount required to be spent by the Company during the year is Nil.

b) Amount spent during the year on :

(Rs.in Crores)

S. No.	Particulars	In Cash	Yet to be paid in Cash	Total
i)	Construction/acquisition of any asset	—	—	—
ii)	On purposes other than (i) above	0.02	—	0.02

Note 55 – Prior period tax represents depreciation adjustment between current tax and deferred tax.

Note 56 – Previous year's amounts have been regrouped/ reclassified, wherever considered necessary to make them comparable with those of the current year.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Ashish Gupta**
Partner

Sanjay Syal
Chief Financial Officer

Place : Gurgaon
Dated : 19th May, 2016

B.M.Jhamb
Company Secretary

For and on behalf of the Board of Directors

Amarjit Chopra
Director
(DIN:00043355)

Satish Sekhri
Director
(DIN: 00211478)

Arvind Kapur
Chairman, CEO
& Managing Director
(DIN:00096308)

RICO 2015-2016

FINANCIAL STATEMENT OF SUBSIDIARIES/JOINT VENTURE

FORM AOC – 1

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014)
Statement containing salient features of the Financial Statement of Subsidiaries/Associate Companies/Joint Ventures

Part "A": Subsidiaries

(Rs. in Crores)

Name of the Subsidiary	Rico Investments Limited	Uttarakhand Automotives Limited	AAN Engineering Industries Limited	Rico Auto Industries Inc. USA	Rico Auto Industries (U.K.) Limited	Rico Aluminium and Ferrous Auto Components Ltd. (Formerly RAA Autocom Limited)	Rico Jinfei Wheels Limited	Rasa Autocom Limited
Sl. No.	1	2	3	4	5	6	7	8
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01.04.2015 to 31.03.2016	01.04.2015 to 31.03.2016	01.04.2015 to 31.03.2016	01.04.2015 to 31.03.2016	01.04.2015 to 31.03.2016	01.04.2015 to 31.03.2016	01.04.2015 to 31.03.2016	01.04.2015 to 31.03.2016
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	INR	USD (Exchang Rate 66.1428)	GBP (Exchang Rate 95.1973)	INR	INR	INR
Share Capital	93.70	0.41	0.05	0.12	0.17	46.05	38.00	41.00
Reserves & Surplus	1.37	(0.34)	(1.08)	20.09	5.58	0.57	(30.83)	(25.25)
Total Assets	121.91	2.21	1.81	69.59	16.35	91.95	49.21	37.36
Total Liabilities	26.84	2.14	2.84	49.38	10.60	45.33	42.04	21.61
Investments	73.50	–	–	–	–	3.50	–	–
Turnover (Net of Excise)	–	–	0.29	145.00	40.91	260.65	73.76	40.00
Profit before taxation	3.22	8.63	(0.16)	3.12	0.36	1.71	(0.33)	1.27
Provision for taxation	1.11	–	–	1.32	0.07	0.88	–	(0.03)
Profit after taxation	2.11	8.63	(0.16)	1.80	0.29	0.83	(0.33)	1.30
Proposed Dividend	0	0	0	0	0	0	0	0
% of shareholding	96.05	100	100	100	100	–	–	–

Notes: Name of Subsidiaries which are yet to commence operations: Uttarakhand Automotives Limited is in the process of being amalgamated with the Company subject to approvals.

Part "B": Associates and Joint Ventures

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

(Rs. in Crores)

Sl. No.	Name of Joint Ventures	Magna Rico Powertrain Pvt. Ltd
1	Latest Audited Balance Sheet Date	31.03.2016
2.	Shares of Joint Venture held by the Company on the year end • No. of Shares • Amount of Investment in Joint Venture • Extend of Holding%	21120000 21.12 50
3.	Description of how there is significant influence	Joint Venture
4.	Reason why the Joint Venture is not consolidated	Consolidated
5.	Net worth attributable to shareholding as per latest Audited Balance Sheet	16.23
6.	Profit/(Loss) for the year i. Considered in Consolidation ii. Not considered in Consolidation	(1.48) (0.74) (0.74)

Note: Name of Associates or Joint ventures which have been liquidated or sold during the year. N.A.

For and on behalf of the Board of Directors

Sanjay Syal
Chief Financial Officer

Amarjit Chopra
Director
(DIN:00043355)

Arvind Kapur
Chairman, CEO
& Managing Director
(DIN:00096308)

Satish Sekhri
Director
(DIN: 00211478)

B.M.Jhamb
Company Secretary

Place : Gurgaon
Dated : 19th May, 2016

INDEPENDENT AUDITORS' REPORT

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Rico Auto Industries Limited, ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), and its jointly controlled company, which comprise the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group and its jointly controlled company, in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The Holding Company's Board of Directors, and the respective Board of Directors/management of the subsidiaries included in the Group, and of its jointly controlled company are responsible for the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. Further, in terms with the provisions of the Act, the respective Board of Directors of the Holding Company and its subsidiary and jointly controlled companies, which are incorporated in India, are responsible for maintenance of adequate accounting records; safeguarding the assets; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements, which have been used for the purpose of preparation of the consolidated financial statements by the directors of the Holding Company, as aforesaid.

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 9(a) of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

8. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries and jointly controlled company as noted below, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and jointly controlled company as at March 31, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

9. (a) We did not audit the financial statements of five subsidiaries and one jointly controlled company, included in the consolidated financial statements, whose financial statements reflect total assets (after eliminating intra-group transactions) of Rs.178.15 crores as at March 31, 2016, total revenues (after eliminating intra-group transactions) of Rs.96.78 crores and net cash flows amounting to Rs.(0.33) crore for the year ended on that date. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

10. As required by Section 143(3) of the Act, and based on the auditor's reports of the subsidiaries and jointly controlled company, we report, to the extent applicable, that:

- i) as detailed in Note 35, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and jointly controlled company;
- ii) the Group and jointly controlled company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company incorporated in India. There are no amount which are required to be transferred to the Investor Education and Protection Fund by the subsidiary companies and jointly controlled company incorporated in India.

Firm's Registration No.: 001076N/N500013

Partner

Dated : 19th May, 2016

Membership No.: 504662

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the consolidated financial statements of the Rico Auto Industries Limited ("the Holding Company") and its subsidiaries, (the Holding Company and its subsidiaries together referred to as "the Group") and jointly controlled company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting (IFCoFR) of the Holding Company, its subsidiary companies and jointly controlled company, which are companies incorporated in India, as of that date.

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

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company, its subsidiary companies and jointly controlled company as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143 (10) of the Act, to the extent applicable to an audit of IFCoFR and the Guidance Note, issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the other matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company, its subsidiary companies and jointly controlled company as aforesaid.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Holding Company, its subsidiary companies and jointly controlled company, which are companies incorporated in India, have, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on internal control over financial reporting criteria established by the company considering the essential components of internal control in the Guidance Note issued by ICAI.

Other Matters

9. We did not audit the IFCoFR in so far as it relates to four subsidiary companies and one jointly controlled company, which are companies incorporated in India, whose financial statements reflect total assets (after eliminating intra-group transactions) of Rs.161.90 crores as at March 31, 2016, total revenues (after eliminating intra-group transactions) of Rs.56.01 crores and net cash flows amounting to Rs.(0.47) crore for the year ended on that date. Our report on the adequacy and operating effectiveness of the IFCoFR for the Holding Company, its subsidiary companies and jointly controlled company, which are companies incorporated in India, under Section 143(3)(i) of the Act in so far as it relates to the aforesaid subsidiaries and jointly controlled company, which are companies incorporated in India, is solely based on the corresponding reports of the auditors of such companies. Our opinion is not modified in respect of the above matter with respect to our reliance on the work done by and the reports of the other auditors.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Ashish Gupta**

Partner

Place : Gurgaon

Dated : 19th May, 2016

Membership No.: 504662

RICO 2015-2016

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2016

	Notes	As at March 31, 2016 (Rs. in Crores)	As at March 31, 2015 (Rs. in Crores)
I EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
a) Share capital	6	13.53	13.53
b) Reserves and surplus	7	457.05	437.47
		<u>470.58</u>	<u>451.00</u>
Minority Interest		3.92	3.66
2. NON-CURRENT LIABILITIES			
a) Long term borrowings	8	91.74	87.65
b) Deferred tax liabilities (net)	9	11.88	11.63
c) Other long-term liabilities	10	1.39	1.11
d) Long term provisions	11	14.84	11.57
		<u>119.85</u>	<u>111.96</u>
3. CURRENT LIABILITIES			
a) Short term borrowings	12	85.71	58.45
b) Trade payables	13		
Payable to micro enterprises and small enterprises		7.63	19.47
Other payable		122.03	121.21
c) Other current liabilities	14	89.19	76.06
d) Short-term provisions	15	3.36	36.59
		<u>307.92</u>	<u>311.78</u>
TOTAL		<u>902.27</u>	<u>878.40</u>
II ASSETS			
1. NON-CURRENT ASSETS			
a) Fixed assets			
i) Tangible assets	16	387.97	398.72
ii) Intangible assets	16	0.09	0.28
iii) Capital work-in-progress		70.01	34.19
b) Long term loans and advances	17	88.94	66.85
c) Other non current assets	18	0.27	0.05
		<u>547.28</u>	<u>500.09</u>
2. CURRENT ASSETS			
a) Current investment	19	5.50	48.50
b) Inventories	20	120.25	108.60
c) Trade receivables	21	142.91	146.58
d) Cash and bank balances	22	6.52	5.40
e) Short-term loans and advances	23	75.58	58.81
f) Other current assets	24	4.23	10.42
		<u>354.99</u>	<u>378.31</u>
TOTAL		<u>902.27</u>	<u>878.40</u>

The accompanying notes (1 to 49) are an integral part of the consolidated financial statements.
This is the Consolidated Balance Sheet referred to in our report of even date.

For **Walker Chandio & Co LLP**
Chartered Accountants

per **Ashish Gupta**
Partner

Sanjay Syal
Chief Financial Officer

Place : Gurgaon
Dated : 19th May, 2016

B.M.Jhamb
Company Secretary

For and on behalf of the Board of Directors

Amarjit Chopra
Director
(DIN:00043355)

Satish Sekhri
Director
(DIN: 00211478)

Arvind Kapur
Chairman, CEO
& Managing Director
(DIN:00096308)

	Notes	Year ended March 31, 2016 (Rs. in Crores)	Year ended March 31, 2015 (Rs. in Crores)
REVENUE			
Revenue from Operations (Gross)	25	1,079.98	1,486.76
Less : Excise Duty		73.02	140.46
Revenue from Operations (Net)		1,006.96	1,346.30
Other Income	26	14.20	32.43
Total Revenue		1,021.16	1,378.73
EXPENSES			
Cost of Raw Material and Components Consumed	27	465.64	791.82
Purchase of Traded Goods		8.23	—
Change in Inventories of Finished Goods and Work in Progress	28	19.11	(2.73)
Employee Benefits Expenses	29	131.47	150.78
Finance Costs	30	20.28	52.76
Depreciation and Amortisation	16	46.73	84.60
Other Expenses	31	283.14	320.20
Prior Period Items (Net)	32	0.80	(10.76)
Total Expenses		975.40	1,386.67
Profit/(loss) before exceptional items and tax		45.76	(7.94)
Exceptional Items	33	4.59	(194.49)
Profit Before Tax (A)		41.17	186.55
Profit/(Loss) for the year from Continuing Operations Before Tax		41.17	(207.66)
Tax Expenses			
Current Tax		12.73	—
MAT Credit Entitlement		(3.21)	(0.93)
Deferred Tax		0.25	(22.38)
Prior Period Tax (refer note 48)		1.70	(0.60)
Tax expense/(credit) for continuing operations (B)		11.47	(23.91)
Profit/(Loss) for the year from continuing operations after tax		29.70	(183.75)
Profit for the year from discontinued operations before tax (refer note 45)		—	21.75
Profit on transfer of assets and liabilities of discontinued operations (refer note 45)		—	372.46
Tax Expenses			
Current Tax		—	58.12
Deferred Tax		—	(1.25)
Current Tax - Earlier Years		—	(0.03)
Tax Expense for Discontinued Operations (C)		—	56.84
Profit for the Year from Discontinued Operations After Tax		—	337.37
Net Profit for the Year (A-B-C)		29.70	153.62
Minority Interest		0.26	0.19
Profit Attributable to Owners of the Company		29.44	153.43
Basic and diluted earning per equity share	34		
[nominal value of share Re.1/- (March 31, 2015 : Re.1/-)]		2.18	11.34

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RICO 2015-2016

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

	Year ended March 31, 2016 (Rs. in Crores)	Year ended March 31, 2015 (Rs. in Crores)
A. Cash flow from operating activities		
Net profit before tax	41.17	186.55
Adjustments for:		
Depreciation and amortisation	46.73	84.60
Provision for doubtful debts	0.63	—
Profit on sale of current investments	(1.40)	(2.30)
Profit on sale of non current investments	—	(376.86)
Impairment loss	—	174.12
Assets written off	—	1.26
Profit on sale of assets	(0.41)	—
Exchange rate fluctuation (net)	2.23	6.61
Finance costs	20.28	52.76
Interest income	(7.28)	(3.23)
Dividend income	(0.01)	(0.00)
Balances written off	8.75	—
Operating profit before working capital changes	110.69	123.51
Adjustments for:		
(Increase) in trade and other receivables	(42.27)	(5.12)
(Increase)/Decrease in inventories	(11.65)	49.89
(Decrease) in trade and other payables	(8.95)	(188.91)
	47.82	(20.63)
Less: Direct taxes paid (net of refunds)	(12.68)	—
Net cash generated from/(used in) operating activities	A 35.14	(20.63)
B. Cash flow from investing activities		
Purchase of fixed assets/ addition to capital work-in-progress	(72.44)	(191.37)
Proceeds from sale of fixed assets	3.94	34.82
Movement in capital advance	3.10	(2.66)
Purchase of mutual funds	(49.00)	(417.30)
Proceeds from sale of mutual funds	93.40	371.11
Proceeds on sale of joint venture company, FCC Rico Limited	—	495.00
Movement in restricted cash	(0.01)	(0.43)
Interest received	7.31	3.23
Income tax paid	—	(46.54)
Dividend received	0.01	0.00
Net cash (used in)/generated from investing activities	B (13.69)	245.86

		Year ended March 31, 2016 (Rs. in Crores)	Year ended March 31, 2015 (Rs. in Crores)
C. Cash flow from financing activities			
Minority interest		—	3.70
Proceeds from long term borrowings		105.28	246.01
Repayment of long term borrowings		(92.91)	(297.08)
Proceeds/(repayment) from short term borrowings (Net)		27.26	(112.26)
Dividend paid (including corporate dividend tax)		(40.62)	(17.84)
Interest paid		(20.88)	(53.82)
Net cash used in financing activities	C	(21.87)	(231.29)
Net (decrease) in cash and cash equivalents	A+B+C	(0.42)	(6.06)
Exchange difference		1.17	—
Cash and cash equivalents at the beginning of the year		2.85	8.91
Cash and cash equivalents at the close of the year		3.60	2.85
Bank deposits with maturity of more than 3 months and less than 12 months		1.72	1.93
Balance in unpaid dividend account		1.20	0.62
Balance with bank not considered as cash and cash equivalent		2.92	2.55
Cash and bank balances (refer note 22)		6.52	5.40

This is the consolidated cash flow statement referred to in our report of even date.

B.M.Jhamb
Company Secretary

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2016

Note 1 – NATURE OF OPERATIONS

Rico Auto Industries Limited ("the Parent Company" or "the Parent" or "the Company"), a public limited company, together with its subsidiaries and joint ventures (hereinafter collectively referred to as "the Group") is engaged in the business of manufacturing and sale of auto components for two wheelers and four wheelers.

The Parent Company's shares are listed on the National Stock Exchange Limited and BSE Limited in India.

Note 2 – BASIS OF PREPERATION

The Consolidated financial statements have been prepared on going concern basis under the historical cost basis, in accordance with the generally accepted accounting principles in India and in compliance with schedule III of the Companies Act, 2013 and the applicable accounting standards as specified under section 133 of Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). All assets and liabilities have been classified as current or non-current as per the Group's operating cycle and other criteria set out in the Companies Act, 2013. The accounting policies have been consistently applied by the Group.

Note 3 – CONSOLIDATION PROCEDURE

The Consolidated financial statements are prepared in accordance with Accounting Standard (AS-21) "Consolidated Financial Statements" and Accounting Standard (AS-27) 'Financial Reporting of Interests in Joint Ventures (as applicable) notified under The Companies Act, 2013 ("the Act"). The financial statements of the Parent and its subsidiaries are combined on a line by line basis by adding together sums of like nature, comprising assets, liabilities, income and expenses and after eliminating intra-group balances/ transactions. Financial interest in joint ventures has been accounted for under the proportionate consolidation method.

The excess/deficit of cost to the Parent Company of its investment over its portion of net worth in the consolidated entities at the respective dates on which the investment in such entities was made is recognised in the financial statements as goodwill/capital reserve. The Parent Company's portion of net worth in such entities is determined on the basis of book values of assets and liabilities as per the financial statements of the entities as on the date of investment.

The financial statements of foreign subsidiaries are prepared by them on the basis of generally accepted accounting principles, local laws and regulations as prevalent in their respective countries and such financial statements are considered for consolidation.

For the purpose of preparation of the Consolidated financial statements the foreign currency assets, liabilities, income and expenditure are translated as per Accounting Standard (AS-11) on "Accounting for the Effects of Changes in Foreign Exchange Rates", notified under the Act. Exchange differences arising are recognised in the statement of profit and loss or in the 'Foreign Currency Translation Reserve' classified under the head Reserves and Surplus as applicable, as per the above mentioned Accounting Standard.

List of Subsidiaries and Joint Venture considered for consolidation is as follows:

S.No.	Name of the Company	Nature of Relationship	Country of Incorporation	Extent of Holding/ Voting Power (%)	
				As at March 31, 2016	As at March 31, 2015
1.	Rico Auto Industries Inc., USA	Subsidiary	USA	100%	100%
2.	Rico Auto Industries (UK) Limited	Subsidiary	UK	100%	100%
3.	Uttarakhand Automotives Limited	Subsidiary	India	100%	100%
4.	AAN Engineering Industries Limited	Subsidiary	India	100%	100%
5.	Rico Investments Limited	Subsidiary	India	92.56%	92.56%
6.	Rico Aluminium and Ferrous Auto Components Limited (formerly RAA Autocom Limited)	Step down subsidiary	India	92.56%	92.56%
7.	Rasa Autocom Limited	Step down subsidiary	India	92.56%	92.56%
8.	Rico Jinfei Wheels Limited	Step down subsidiary	India	86.53%	86.53%
9.	Magna Rico Powertrain Private Limited	Joint Venture	India	50%	50%

Note 4 – USE OF ESTIMATES

Note 5 – SIGNIFICANT ACCOUNTING POLICIES

Dividend on investments is recognised when the right to receive dividend is established.

Intangible assets acquired separately are measured on initial recognition at cost. Initial recognition of intangible assets is carried out at cost less accumulated amortization and accumulated impairment losses, if any.

The useful life of fixed assets has been reassessed and depreciation has been recorded in accordance with Schedule II to the Companies Act, 2013 except in case of plant and machinery where the Company has retained the useful life which is higher than the useful life as provided in schedule II of the Companies Act, 2013 based on the technical estimate and history of usage.

Depreciation on dies and Moulds is provided based on useful life of the items ascertained on a technical estimate by the management. Depreciation on fixed assets acquired/disposed off during the year is recorded on a pro-rata basis with reference to the date of acquisition/disposal.

The cost of leasehold land is being amortised over the period of the lease.

iv) **Inventories**

a. *Raw materials and loose tools*

b. Work in progress

c. *Finished goods*

v) **Investments**

Current investments are stated at lower of cost and fair value determined on an individual basis.

vi) **Employee Benefits**

The Group has three post-employment benefit plans in operation viz. Provident Fund and Employee State Insurance scheme, Gratuity and Compensated Absences.

a. *Provident Fund and Employee State Insurance Scheme*

b. Gratuity

c. Compensated Absences

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Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2016 (Contd.)

projected unit credit method as on the reporting date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the statement of profit and loss in the year in which such gains or losses arise.

vii) **Research and Development Expenses**

Revenue expenditure on research is expensed off under the respective heads of account in the year in which it is incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalized, if the cost can be reliably measured, the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development and to use and sell the asset. The expenditure capitalized includes the cost of materials, direct labour and an appropriate proportion of overheads that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the Statement of Profit and Loss as an expense as incurred.

Fixed assets used for research and development are depreciated in accordance with the Group's policy on fixed assets as stated above.

viii) **Borrowings Costs**

Borrowing costs directly attributable to acquisition, construction or erection of fixed assets, which necessarily take a substantial period of time to be ready for the intended use are capitalised. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended use are complete.

Other borrowing costs are recognised as an expense in the statement of profit and loss in the year in which they are incurred.

ix) **Foreign Currency Transactions**

a) *Initial recognition*

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

b) Subsequent recognition

Foreign currency monetary assets and liabilities are reported using the closing rate as at the reporting date.

Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

c) *Exchange differences*

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements, are recognised as income or expense in the year in which they arise, except for exchange differences arising on foreign currency monetary items.

Exchange differences arising on long term foreign currency monetary items in so far as it relates to the acquisition of depreciable capital assets are added to the cost of such assets.

Exchange difference arising on long term foreign currency monetary items not related to the acquisition of depreciable capital assets are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortised over the remaining term of the loan.

x) **Taxation**

Tax expense comprises current tax and deferred tax.

a) *Current tax*

Provision for current income tax is made on the assessable income at the tax rate applicable to the relevant assessment year.

b) *Deferred tax*

Deferred income taxes are recognised for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect on deferred tax assets and liabilities of change in tax rates is recognised in income using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. However, in the case of brought forward tax losses and tax depreciation, deferred tax assets are recognised only when there is virtual certainty supported by convincing evidence that such assets will be realized.

Minimum Alternative Tax credit ("MAT credit") is recognised as an asset only when and to the extent there is convincing evidence that the Group entities will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India the said asset is created by way of a credit to the profit and loss account and shown as MAT credit entitlement. The Group entities reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Group entities will pay normal income tax during the specified period.

a) *Operating leases*

b) Finance leases

xii) **Provisions and Contingencies**

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

xiii) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue and share split.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares, except where results would be anti-dilutive.

xiv) **Impairment of Assets**

The Group on an annual basis makes an assessment of any indicator that may lead to impairment of assets. If any such indication exists, the Group estimates the recoverable amount of the assets. If such recoverable amount is less than the carrying amount, then the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is charged to the Statement of Profit and Loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

	As at March 31, 2016 (Rs. in Crores)		As at March 31, 2015 (Rs. in Crores)	
Note 6 – SHARE CAPITAL				
a) AUTHORISED 250,000,000 Equity Shares of Re.1/- each (Previous year 250,000,000 Equity Shares of Re.1/- each) 5,000,000 Redeemable Preference Shares of Rs.10/- each (Previous year 5,000,000 Shares of Rs.10/- each)		25.00 5.00 <u>30.00</u>		25.00 5.00 <u>30.00</u>
b) ISSUED, SUBSCRIBED AND PAID-UP 135,285,000 Equity Shares of Re.1/- each fully paid up (Previous year 135,285,000 Equity Shares of Re.1/- each)		13.53 <u>13.53</u>		13.53 <u>13.53</u>
c) RECONCILIATION OF NUMBER OF EQUITY SHARES OUTSTANDING				
At the beginning of the year	No. of shares	Amount	No. of shares	Amount
Movement during the year	135,285,000	13.53	135,285,000	13.53
Outstanding at the end of the year	—	—	—	—
	135,285,000	13.53	135,285,000	13.53
d) DESCRIPTION OF THE RIGHTS, PREFERENCES AND RESTRICTIONS ATTACHED TO EACH CLASS OF SHARES The Company has only one class of equity shares having a face value of Re.1 per share. All the existing equity shares rank pari passu in all respects including but not limited to entitlement for dividend, bonus issue and rights issue. These equity shares are listed on the National Stock Exchange of India Limited and BSE Limited.				
e) DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% EQUITY SHARES IN THE COMPANY				
Name of shareholder	% of holding	No. of shares	% of holding	No. of shares
Kapsons Associates Investment Private Limited	28.77	38,917,050	28.77	38,917,050
Arvind Kapur	9.35	12,652,460	9.35	12,652,460
Arun Kapur	6.39	8,651,160	6.39	8,651,160
The above information is furnished as per the shareholders register as on March 31, 2016.				
f) The Company has not issued bonus shares, equity shares for consideration other than cash and also no shares have been bought back during the period of five years immediately preceding the reporting period.				

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Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2016 (Contd.)

	As at March 31, 2016 (Rs. in Crores)	As at March 31, 2015 (Rs. in Crores)
Note 7 – RESERVES AND SURPLUS		
Capital Reserve		
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
Securities 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
Foreign Currency Monetary Item Translation Difference Account		
Opening Balance	—	—
Add : Additions during the year	(1.46)	—
Less : Utilised/ transferred during the year	(0.21)	—
Closing Balance	(1.25)	—
Foreign Currency Translation Reserve		
Opening balance	0.72	0.34
Add : Additions during the year	1.17	0.38
Less : Utilised/ transferred during the year	—	—
Closing balance	1.89	0.72
General Reserve		
As per last Balance Sheet	99.70	99.70
Add: Transferred from Statement of Profit and Loss	—	—
	99.70	99.70
Statement of Profit and Loss		
As per last Balance Sheet	189.81	88.00
Add : Profit transferred from Statement of Profit and Loss	29.44	153.43
Less: Adjustment to minority share for sale of investment in subsidiary	—	(0.23)
Less : Proposed dividend on equity shares	1.35	27.06
Less : Corporate dividend tax	0.28	5.41
Less : Interim dividend	6.77	13.53
Less : Interim dividend tax	1.38	2.70
Less: Additional depreciation as per schedule II (net of tax)	—	3.15
Net Surplus as per Statement of Profit and Loss	209.47	189.81
	457.05	437.47

* Amount has been rounded off to zero

	As at March 31, 2016 (Rs. in Crores)	As at March 31, 2015 (Rs. in Crores)
Note 8 – LONG TERM BORROWINGS		
SECURED		
Term Loans:		
From Bank:		
Foreign Currency Loans	107.93	6.88
Rupee Loans	30.05	93.97
From Financial Institutions	—	23.50
Vehicle Loans:		
From Financial Institutions	1.59	0.23
From Banks	0.27	0.47
	139.84	125.05
Less: Current maturities of long term secured borrowings (refer note 14)	48.38	38.86
Total	91.46	86.18
UNSECURED		
From Companies		
Rupee loans	1.45	2.62
	1.45	2.62
Less: Current maturities of long term unsecured borrowings (refer note 14)	1.17	1.16
Total	0.28	1.46
	91.74	87.65
A. Secured Loan		
1. Foreign currency term loan from Export Import Bank of India carries interest @ Libor+ 5.00% p.a. (previous year Libor + 4.50%) and is repayable in 20 equal quarterly instalments after moratorium of 8 quarters. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of certain title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	4.63	6.88
2. Rupee term loan from Export Import Bank of India carries interest @ Base rate+ 2.00% p.a. Based on current spread, the current interest rate ranges from 11.70% p.a. to 12.25% p.a. (Previous Year 12.25%p.a. to 12.40% p.a.) and the loan is repayable in 20 equal quarterly instalments after a moratorium of 8 quarters. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of certain title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	10.05	18.65
3. Rupee term loan from Syndicate Bank carries interest rate ranging from 12.75% p.a to 12.20% p.a. (Previous year 12.75% p.a.) and is repayable in 14 equal quarterly instalments after a moratorium of 6 quarters. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of certain title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon. Additionally loan is, secured by land & buildings at Plot No.23, Sector 5, HSIIDC Phase II, GC Bawal, Haryana, land & buildings at Plot No.01 & 02, Industrial Park 4, Begumpur, Haridwar, Uttarakhand. The loan is also secured by way of personal guarantees of the Managing Director and Joint Managing Director of the Company.	20.00	75.00

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Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2016 (Contd.)

	As at March 31, 2016 (Rs. in Crores)	As at March 31, 2015 (Rs. in Crores)
4. Rupee term loan from Haryana State Industrial and Infrastructure Development Corporation Limited carries interest @ 12.50% p.a. (Previous Year 12.50% p.a.) and is repayable in 28 equal quarterly instalments after a moratorium of 4 quarters. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of certain title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon. This is additionally secured by personal guarantee of Managing Director and Joint Managing Director of the Company. This loan has been repaid on April 29, 2015.	—	23.50
5. Foreign currency term loan from Yes Bank Limited carries interest @ Libor+3.75 % p.a. and is repayable in 14 equal quarterly instalments after moratorium of 4 quarters. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of certain title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	26.46	—
6. Foreign currency term loan from Yes Bank Limited carries interest @ Libor+3.85 % p.a. and is repayable in 14 equal quarterly instalments after moratorium of 4 quarters. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of certain title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	4.96	—
7. Foreign currency term loan from Kotak Mahindra Bank Limited carries interest @ Libor+ 3.50 % p.a. and is repayable in 16 equal quarterly instalments after moratorium of 4 quarters. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of certain title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon. This is additionally secured by personal guarantees of the Managing Director and Joint Managing Director of the Company.	19.84	—
8. Foreign currency term loan from RBL Bank Limited carries interest @ Libor+3.85 % p.a. and is repayable in 14 equal quarterly instalments after moratorium of 4 quarters. The term loan is secured by first pari passu charge (unless specifically charged) of all movable fixed assets of the Company (both present and future) situated at Dharuhera and Gurgaon and mortgage by way of deposit of certain title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	33.10	—
9. Vehicle loans are secured by hypothecation of vehicles financed and are repayable in equal monthly instalments ranging from 35-60 carrying interest @ 9.15% p.a. to 10.25% p.a.	1.86	0.70
10. Buyer's credit facility from State Bank of Patiala is secured by first pari passu charge on all current assets and second pari passu charge (unless specifically charged) on all movable fixed assets of the Company (both present and future) and is repayable at 12 months carrying interest @ Libor+ 0.84%.	6.62	—
11. Buyer's credit facility from Axis Bank Limited are secured by exclusive charge on immovable properties (land & Building) of the Company situated at Chennai and machinery imported under this facility and are repayable at 12 months carrying interest @ Libor+0.39%.	12.32	—
12. Rupee term loan carrying interest @ 11.50% and is repayable in 4.5 years including 6 months moratorium period and one quarterly installment of Rs.46,68,750. Term loan is secured by first charge on entire fixed assets of the subsidiary company, namely, Rico Jinfei Wheels Limited, both present and future. Second charge on entire current assets of the company, both present and future. Further the term loan is secured by guarantee and letter of comfort issued by the holding company, Rico Auto Industries Limited.	—	0.32
	139.84	125.05

	As at March 31, 2016 (Rs. in Crores)	As at March 31, 2015 (Rs. in Crores)
B. Unsecured Loans		
13. Rupee term loan is taken from Tata Capital Limited as a part of facilitation agreement which carries interest @ 13.50% p.a. and was repayable in 60 equal monthly installments after a moratorium of 12 months and is secured by personal guarantee of Managing Director of the Company.	1.45 <u>1.45</u>	2.62 <u>2.62</u>
Note 9 – DEFERRED TAX LIABILITIES (NET)		
Deferred tax liability arising on account of :		
Depreciation	16.69	17.88
Others	0.43	—
Less :		
Deferred tax asset arising on account of :		
Employee benefits	5.02	3.30
Provision for doubtful debts	0.22 <u>0.22</u>	2.95 <u>2.95</u>
	<u>11.88</u>	<u>11.63</u>
Note 10 – OTHER LONG TERM LIABILITIES		
Security deposits	1.39 <u>1.39</u>	1.11 <u>1.11</u>
Note 11 – LONG TERM PROVISIONS		
Provision for gratuity (refer note 38)	12.63	10.03
Provision for compensated absences	2.21	1.53
Other provisions	—	0.01
	<u>14.84</u>	<u>11.57</u>
Note 12 – SHORT TERM BORROWINGS		
SECURED		
Working capital loans		
From banks		
Foreign currency loans	74.59	38.48
Rupee loans	11.12	0.89
Buyer's credit in foreign currency	—	18.38
UNSECURED		
Rupee loan	—	0.70
	<u>85.71</u>	<u>58.45</u>
Security Details		
1. Working capital loans/facilities are secured against first pari-passu charge on all the current assets of the Company including all types of stocks and book debts/receivables (both present and future).	9.15	0.42
2. Packing credit facility from Kotak Mahindra Bank Limited is secured against first pari-passu charge on all the current assets of the Company (both present and future).	38.50	20.00

RICO 2015-2016

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2016 (Contd.)

	As at March 31, 2016 (Rs. in Crores)	As at March 31, 2015 (Rs. in Crores)
3. Packing credit facility from Yes Bank Limited is secured against 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, consumables and receivables.	21.53	3.75
4. Working capital loan from Yes Bank Limited carries interest @ base rate+3.5 % p.a. and is repayable on demand. This facility is secured by exclusive first pari-passu charge by hypothecation of current assets of the Company and further secured by second charge on all the movable fixed assets of the Company.	0.74	0.86
5. Buyer's credit facility from Axis Bank Limited are secured by exclusive charge on all machineries/assets imported/acquired by utilising the said facilities and additionally secured by the personal guarantee of the promoter director of the Company.	—	5.25
6. Buyer's credit facility from Axis Bank Limited are secured by exclusive charge on all machineries/assets imported/acquired by utilising the said facilities and additionally secured by the personal guarantee of the promoter director of the Company.	—	11.40
7. Working capital limit is taken from Axis Bank Limited and is secured by exclusive charge by way of hypothecation of current assets, both present and future, and second charge on movable fixed assets, both present and future and immovable properties of the subsidiary company, namely, Rico Jinfei Wheels Limited, viz. Land admeasuring 20475 sq. mtrs., situated at Plot No. 22, Sector 5, Phase II, G.C Bawal, Haryana.	1.24	0.46
8. Buyer's credit facility is taken from Axis Bank Limited and is currently secured by exclusive first charge by way of hypothecation of current assets, both present and future, and second charge on movable fixed assets, both present and future and immovable properties of the subsidiary company, namely, Rico Jinfei Wheels Limited, viz. land admeasuring 20475 sq. mtrs., situated at Plot No. 22, Sector 5, Phase II, G.C Bawal, Haryana.	—	1.73
9. Packing credit facility from IDBI Bank is secured against 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, consumables and receivables.	14.55	13.79
Unsecured Loans		
10. This loan has been taken from Magpie Properties Private Limited, related party of the Company. (refer note 43).	—	0.70
	85.71	58.45
Note 13 – TRADE PAYABLES		
Payable to micro enterprises and small enterprises (refer note 36)	7.63	19.47
Others payable		
Acceptances	12.26	12.98
Other than acceptances	108.80	102.32
Due to related parties (refer note 43)	0.97	5.91
	122.03	121.21

	As at March 31, 2016 (Rs. in Crores)	As at March 31, 2015 (Rs. in Crores)
Note 14 – OTHER CURRENT LIABILITIES		
Current maturities of long-term debts (Refer note 8 for security and repayment details)		
SECURED		
Foreign currency loans	40.98	2.50
Rupee loans	7.40	36.36
UNSECURED		
Rupee loans	1.17	1.16
Interest accrued but not due on borrowings	0.38	0.97
Unclaimed dividends	1.20	0.62
Statutory liabilities	4.23	3.60
Payable for capital purchases	4.29	1.59
Employee benefits payable	13.54	9.35
Security deposits	1.97	2.37
Advances from customers	9.67	11.21
Other liabilities	4.36	6.33
	89.19	76.06
Note 15 – SHORT TERM PROVISIONS		
Provision for gratuity (refer note 38)	1.36	1.64
Provision for compensated absences	0.28	0.81
Provision for dividend	1.35	27.06
Provision for tax on dividend	0.28	5.41
Other short term provisions	0.09	1.67
	3.36	36.59

Note 16 – FIXED ASSETS

Note 16 – FIXED ASSETS

*Refer note 45
**Refer note 47

	As at March 31, 2016 (Rs. in Crores)	As at March 31, 2015 (Rs. in Crores)
Note 17 – LONG TERM LOANS AND ADVANCES		
(Unsecured, considered good, unless stated otherwise)		
Capital advances:		
Considered good	12.06	15.17
(include advances of Rs.9.72 crores (Previous year Rs.9.72 crores) to related parties, refer note 43)		
Security deposits	6.05	5.96
Loan to related parties (refer note 43)	59.31	31.50
Loans and advances to employees	—	0.06
Advance income tax (net of provisions)	7.56	12.91
Minimum alternate tax entitlement	3.61	—
Prepaid expenses	0.35	0.68
Others*	0.00	0.57
	88.94	66.85
* Amount has been rounded off to zero		
Note 18 – OTHER NON CURRENT ASSETS		
Bank deposits with maturity of more than 12 months (refer note 22)	0.27	0.05
	0.27	0.05
Note 19 – CURRENT INVESTMENTS (QUOTED)		
2,12,931 units of Axis Liquid Fund @ NAV of Rs.1,549.80 per unit	—	33.00
35,196 units of Reliance Liquid Fund @ NAV of Rs.3,409.45 per unit	—	12.00
8801.40 units of Reliance Liquid Fund @ NAV of Rs.3,408.55 per unit	—	3.00
2986.079 units of SBI Magnum Insta Cash Fund @ NAV of Rs.1675.03	—	0.50
1,983,832 units of BOI Axa Corporate Credit Spectrum Fund - Direct growth @ NAV of Rs.10.08 per unit	2.00	—
1,137,631 units of SBI Saving Fund Rs. Daily Growth @ NAV of Rs.21.99 per unit	2.50	—
459,460 units of SBI Saving Fund Rs. Regular Growth @ NAV of Rs.21.76 per unit	1.00	—
	5.50	48.50
Aggregate market value (NAV)	5.99	48.52
Note 20 – INVENTORIES		
(valued at lower of cost or net realisable value)		
Raw material and components	34.67	16.20
Stores and spares	37.03	31.31
Tooling Stock	0.39	1.22
Work-in-progress	22.01	19.98
Finished goods	1.23	21.54
Goods-in-transit Components	24.92	2.17
Goods-in-transit Finished goods	—	16.18
	120.25	108.60

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Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2016 (Contd.)

	As at March 31, 2016 (Rs. in Crores)	As at March 31, 2015 (Rs. in Crores)
Note 21 – TRADE RECEIVABLES		
Outstanding for a period exceeding six months from the date after which it becomes due		
Unsecured, considered good	9.05	11.22
Unsecured, considered doubtful	0.72	—
	<u>9.77</u>	<u>11.22</u>
Less: Provision for doubtful receivables	(0.72)	—
	<u>9.05</u>	<u>11.22</u>
OTHER RECEIVABLES		
Unsecured, considered good	133.86	135.36
	<u>142.91</u>	<u>146.58</u>
Note 22 – CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash on hand	0.35	0.11
Cheques in hand	—	0.14
Balances with banks		
In current accounts	2.49	2.22
Deposits with original maturity of less than three months	0.76	0.38
	<u>3.60</u>	<u>2.85</u>
Other bank balances		
In dividend accounts	1.20	0.62
Bank deposits with maturity of more than 3 months and less than 12 months*	1.72	1.93
Bank deposits with maturity of more than 12 months*	0.27	0.05
	6.79	5.45
Less : Bank deposits with maturity of more than 12 months (refer note 18)*	0.27	0.05
	<u>6.52</u>	<u>5.40</u>
*Pledged with bank for issuing letter of credit		
Note 23 – SHORT TERM LOANS AND ADVANCES		
Security deposits	—	0.02
Inter corporate deposits	6.75	8.73
Loans and advance to employees	1.30	1.20
Advance to suppliers	7.56	3.95
Prepaid expenses	3.02	3.46
Minimum alternative tax Entitlement	—	0.58
Balance with statutory/government authorities on account of:		
Service tax	2.42	7.09
Excise duty	39.85	19.67
Sales tax	6.26	1.97
Others	8.42	12.14
	<u>75.58</u>	<u>58.81</u>
Note 24 – OTHER CURRENT ASSETS		
Asset held for sale	—	0.01
Export incentive receivable	1.54	8.36
Unbilled revenue*	0.00	1.45
Accrued interest	1.79	—
Others	0.90	0.60
	<u>4.23</u>	<u>10.42</u>

* Amount has been rounded off to zero

	Year ended March 31, 2016 (Rs. in Crores)	Year ended March 31, 2015 (Rs. in Crores)
Note 25 – REVENUE FROM OPERATIONS		
Sale of products	1,054.94	1,439.27
Job work charges	0.25	0.64
	<u>1,055.19</u>	<u>1,439.91</u>
Other operating revenues		
Scrap sales	13.89	30.55
Duty draw back and other export incentives	7.31	8.52
Miscellaneous sales	3.59	7.78
	<u>1,079.98</u>	<u>1,486.76</u>
Note 26 – OTHER INCOME		
Interest income	7.28	3.23
Dividend income from mutual funds*	0.01	0.00
Net gain on foreign currency transactions and translation	—	6.61
Exchange rate fluctuation (net)	3.67	—
Rental income from operating lease	0.10	0.36
Support services	—	12.59
Profit on sale of mutual fund	1.40	2.30
Miscellaneous income	1.74	7.34
	<u>14.20</u>	<u>32.43</u>
* Amount has been rounded off to zero		
Note 27 – COST OF RAW MATERIALS AND COMPONENTS CONSUMED		
Raw material and components		
Opening stock	58.07	49.11
Add : Purchases during the year	442.24	800.78
Less : Closing stock	34.67	58.07
Raw Material and components consumed	<u>465.64</u>	<u>791.82</u>
Adjustment for sale of FCC Rico Limited	—	41.87
Closing Stock	34.67	16.20
Note 28 – CHANGE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
(a) Work-in-progress		
Opening stock	19.98	24.93
Closing stock	22.01	24.77
	<u>(2.03)</u>	<u>0.16</u>
Adjustment for sale of FCC Rico Limited	—	4.79
Closing Stock	22.01	19.98
(b) Finished goods		
Opening stock	21.54	23.11
Closing stock	1.23	24.78
	<u>20.31</u>	<u>(1.67)</u>
Adjustment for sale of FCC Rico Limited	—	3.24
Closing Stock	1.23	21.54
(c) Tooling Stock		
Opening stock	1.22	—
Closing stock	0.39	1.22
	<u>0.83</u>	<u>(1.22)</u>
Excise duty on finished goods	—	—
	<u>19.11</u>	<u>(2.73)</u>

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Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2016 (Contd.)

	Year ended March 31, 2016 (Rs. in Crores)	Year ended March 31, 2015 (Rs. in Crores)
Note 29 – EMPLOYEE BENEFITS EXPENSES		
Salaries, wages and bonus	114.74	124.22
Contribution to provident and other funds	10.96	17.70
Staff welfare expenses	5.77	8.86
	<u>131.47</u>	<u>150.78</u>
Note 30 – FINANCE COSTS		
Interest expenses on :		
(i) Borrowings	14.63	48.29
(ii) Trade payables	0.11	3.47
Other borrowing costs	2.64	1.00
Net loss on foreign currency transactions and translation on borrowings	2.90	—
	<u>20.28</u>	<u>52.76</u>
Note 31 – OTHER EXPENSES		
Consumption of stores and spare parts	61.14	73.19
Power and fuel	101.76	111.18
Sub contracting expenses	43.11	41.53
Rent	5.07	4.03
Repairs		
– Buildings	1.31	0.92
– Machinery	4.24	3.58
– Others	3.26	2.39
Insurance	3.66	3.39
Rates and taxes	1.37	5.03
Directors' sitting fees	0.34	0.28
Travelling and conveyance	3.58	4.17
Legal and professional	5.78	5.38
Vehicle running and maintenance	3.28	3.56
Balances written off	8.75	—
Freight and forwarding	25.67	28.00
Provision for doubtful debts	0.63	—
Line rejection and re-work charges	3.56	3.02
Miscellaneous expenses	6.63	30.55
	<u>283.14</u>	<u>320.20</u>
Note 32 – PRIOR PERIOD ITEMS (NET)		
Interest cost capitalised wrongly written off earlier	—	(10.76)
Others	0.80	—
	<u>0.80</u>	<u>(10.76)</u>
Note 33 – EXCEPTIONAL ITEMS		
Profit on sale of joint venture company, FCC Rico Limited (net) (refer note 45 & 46)	—	(372.46)
Impairment loss (refer note 47)	—	174.12
Others (refer note 46)	4.59	3.85
	<u>4.59</u>	<u>(194.49)</u>
Note 34 – EARNINGS PER SHARE		
Profit after tax (A)(Rs.)	29.44	153.43
Weighted average number of Equity shares (basic and diluted) (B)	135285000	135285000
Nominal value of Equity share (Re.)	1.00	1.00
Earnings per share (basic and diluted) (A/B)	<u>2.18</u>	<u>11.34</u>

Note 35 – CONTINGENT LIABILITIES

(Rs. in Crores)

Particulars		Year ended March 31, 2016	Year ended March 31, 2015
i)	Income Tax (TDS)	0.07	0.18
ii)	Sales Tax	0.26	0.26
iii)	Excise and Service Tax	11.70	9.99
iv)	Others	9.92	9.59

a. Income tax department has raised demand for Rs.0.07 crore (previous year Rs.0.18 crore). This is on account of filing of incorrect particulars regarding challans deposited as compared to actual challans deposited for the period up to 2010-11. The liability has reduced after correct submission of particulars in revised challans.

- a. A demand was raised under Haryana VAT Act 2003 for denial of input credit availed on purchase of furnace oil. The demand was confirmed by Joint Commissioner (Range) for Rs.0.04 crore (previous year Rs.0.04 crore). An appeal was filed with Haryana Sales Tax Tribunal on February 23, 2013. Tribunal has remanded the case back to Joint Commissioner, Gurgaon. There has been no change in status of the case from last year.
- b. A demand was raised under Haryana VAT Act 2003 for denial of input credit availed on purchase of furnace oil. The order passed by the Deputy Excise and Taxation Commissioner, Rewari for Rs.0.22 crore (previous year Rs.0.22 crore). The Company has filed an appeal with Haryana Sales Tax Tribunal on August 25, 2014. During the year, the Tribunal has remanded back the case to Assessing Authority.

- a. Department has issued a show cause notice dated August 23, 2007 on the ground that the capital goods namely roof ventilator and evaporating cooling machine are not capital goods for the purpose of availment of CENVAT credit. Commissioner of Central Excise has confirmed the demand along with an equal amount of penalty. The Company aggrieved by the order filed an appeal before CESTAT on April 28, 2009 against the decision. However, the CESTAT has granted unconditional stay from recovery of impugned amount on deposit of Rs.0.03 crore. Amount involved was Rs.0.47 crore. During the year, the Company has received an order from the CESTAT in its favour.
- b. A show cause notice was issued by the Commissioner on removal of dies for job work without payment of duty. Commissioner passed the order on September 15, 2008 demanding excise duty of Rs.0.75 crore, penalty of equal amount, interest at the applicable rate and a fine in lieu of confiscation of Rs.0.10 crore on the dies released provisionally. Further, Company has also furnished a bond of Rs.0.42 crore and a bank guarantee of Rs.0.004 crore. A stay application was filed before the CESTAT. Total amount involved is Rs.2.84 crores (previous year Rs.2.71 crores). Current year movement represents interest.
- c. A show cause notice was received from the Joint Commissioner of Central Excise towards cenvat credit availed on custom house agent and courier export related services during previous years 2004-05 to 2007-08. The Commissioner has confirmed the demand against which the Company filed an appeal before CESTAT. CESTAT ordered pre deposition of Rs.0.24 crore. The amount involved is Rs.1.55 crores (previous year Rs.1.47 crores). Current year movement represents interest.
- d. A show cause notice was received from Additional Commissioner of Central Excise on availment of cenvat on construction and other repair and maintenance service during previous years 2005-06 to 2010-11. Commissioner of Central Excise confirmed the demand against which the Company filed an appeal before the CESTAT on June 29, 2012. CESTAT has granted an unconditional stay on February 19, 2013. Matter is pending for final decision before the Tribunal. Amount involved is Rs.2.27 crores (previous year Rs.2.15 crores). Current year movement represents interest.
- e. Department has issued a show cause notice dated January 17, 2011 in respect of claim of cenvat on insurance, catering, tent house and taxi & travels for the period 2010-11. Joint commissioner has confirmed the demand against reply filed. An appeal was filed before the commissioner of central excise (appeals) Delhi-III, Gurgaon on January 31, 2012. Commissioner (Appeals) in its order dated January 21, 2013 decided the appeal in favour of Company on May 7, 2013. The department has filed an appeal before Tribunal against said order. The amount involved is Rs.0.45 crore (Previous year Rs.0.42 crore). Current year movement represents interest.
- f. Department has issued a show cause notice received from Joint Commissioner of Central Excise dated October 08, 2008 in respect of claim of cenvat on insurance, catering, tent house and taxi & travels for the period 2004-05 to 2007-08. Demand was

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2016 (Contd.)

confirmed by Additional Commissioner, against reply filed. Appeal filed before the commissioner of central excise (appeals) Delhi-III, Gurgaon on March 21, 2014. The amount involved is Rs.1.37 crores (Previous year Rs.1.30 crores). Current year movement represents interest.

- g. Department has issued a show cause notice dated April 17, 2009 in respect of claim of cenvat on insurance, catering, tent house and taxi & travels for the period 2008-09. On January 30, 2014 Additional Commissioner has confirmed the demand against the reply filed. Appeal filed before the commissioner of central excise (appeals) Delhi-III, Gurgaon on March 21, 2014. The amount involved is Rs.0.20 crore (Previous year Rs.0.19 crore). Current year movement represent interest
- h. Department has issued a show cause notice dated February 18, 2010 in respect of claim of cenvat on insurance, catering, tent house and taxi & travels for the period February, 2009 to December, 2010 . On January 30, 2014 Additional Commissioner has confirmed the demand against the reply filed. Appeal filed before the commissioner of central excise (appeals) Delhi-III, Gurgaon on March 21, 2014. The amount involved is Rs.0.31 crore (Previous year Rs.0.29 crore). Current year movement represent interest
- i. Department has issued a show cause notice dated December 27, 2011 in respect of claim of cenvat on insurance, catering, tent house and taxi & travels for the period January 2011 to November 2011. On January 30, 2014 Additional Commissioner has confirmed the demand against the reply filed. Appeal filed before the commissioner of central excise (appeals) Delhi-III, Gurgaon on March 21, 2014. The amount involved is Rs.0.02 crore (Previous year Rs.0.01 crore). Current year movement represents interest.
- j. Department has issued a show cause notice dated December 31, 2012 in respect of claim of cenvat on insurance, catering, tent house and taxi & travels for the period December 2011 to November 2012. On January 30, 2014 Additional Commissioner has confirmed the demand against the reply filed. Appeal filed before the commissioner of central excise (appeals) Delhi-III, Gurgaon on March 21, 2014. The amount involved is Rs.0.79 crore (Previous year Rs.0.73 crore). Current year movement represents interest.
- k. A show cause notice has been received from the Additional Commissioner of Central Excise towards Cenvat availed on outward freight during 2005-06 and 2006-07. The Joint Commissioner confirmed the demand against which the Company appealed before CESTAT. The Tribunal remanded back the case to the Commissioner (Appeals) and it is pending before it. Amount involved is 0.26 crore (previous year Rs.0.25 crore). Current year movement represents interest.
- l. A show cause notice has been received from commissioner of central excise to deposit inadmissible cenvat credit availed on the capital goods destroyed in fire. The demand has been confirmed by Additional. Commissioner against which the Company appealed before the Commissioner (Appeals) of Central Excise. Amount involved Rs.1.64 crores.

Others

- a. Dakshin Haryana Bijli Vitran Nigam (DHBVN) has demanded Rs.5.60 crores (previous year Rs.5.60 crores) for overdrawing power as compared to approved load limit. DHBVN filed a writ petition before Honorable High Court of Punjab and Haryana which was dismissed on account of non-prosecution on February 15, 2016. DHBVN filed an appeal before double judge bench and the next hearing is scheduled on July 21, 2016. The Company deposited Rs.3.60 crores during the financial year 2011-12 which is disclosed in note 23 "Short Term loan and advances under sub head others".
- b. A demand was raised under Haryana Local Area Development Tax Act, 2000 for tax on central purchase of certain items. An appeal was filed before with Joint Commissioner (Appeal) and the amount involved is Rs.0.01 crore (Previous year Rs.0.01 crore).
- c. The step down subsidiary, namely, Rico Jinfei Wheels Limited ("Rico Jinfei"), had purchased a Land of 20,475 sq. ft. from Haryana State Industrial and Infrastructure Development Corporation Limited (HSIIDC) in Bawal for Rs.3.98 crores in the year ended March 31, 2009 with the term to start the manufacturing unit on the said land within the stipulated time. On August 30, 2013, Haryana State Industrial and Infrastructure Development Corporation Limited has taken back the possession of the land from Rico Jinfei, due to delay in establishing the manufacturing unit, followed by many reminder letters from Haryana State Industrial and Infrastructure Development Corporation Limited. Rico Jinfei had filed a petition with the High Court on December 17, 2013 and has obtained a stay order for the same, which is presently pending with High Court, Chandigarh and the amount involved is Rs.3.98 crores. Based on legal advice obtained, the group believes that they have a good case on merit and accordingly no adjustment has been made in the consolidated financial statements.
- d. Guarantees issued by bank to customer on behalf of AAN Engineering Industries Limited, a subsidiary company amounting to Rs.0.33 crore.

II) Guarantees

- a. On behalf of subsidiary companies:

The Company has given Corporate Guarantees to the Bankers for the loan taken by following Subsidiaries:

(Rs.in Crores)

The outstanding amount as on March 31, 2016 of the above mentioned loan as per the books of accounts of Rasa Autocom Limited is Rs.0.54 crore and Rico Jinfei Wheels Limited is Nil.

- III) Others

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.4.66 crores (previous year Rs.117.20 crores). Amount of custom duty included is Rs.4.28 crores (previous year Rs.14.65 crores)

Note 34 – Dues to micro, small and medium enterprises.

(Rs.in Crores)

Particulars	As at March 31, 2016		As at March 31, 2015	
	Principal	Interest	Principal	Interest
1. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	7.63	0.01	19.47	0.24
2. The amount of interest paid by the buyer in terms of section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	—	—	—	—
3. 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 MSMED Act;	—	—	—	—
4. The amount of interest accrued and remaining unpaid at the end of each accounting year; and	—	0.01	—	0.24
5. 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 the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act.	—	—	—	—

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Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2016 (Contd.)

Note 37 – COMMITMENTS

(Rs. in Crores)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Estimated amount of contracts remaining to be executed on account of capital commitments [net of advance Rs.2.60 crores (previous year Rs.0.68 crore)]	2.97	5.68

Note 38 – EMPLOYMENT BENEFITS

(Rs. in Crores)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
A. Provident Fund and other Funds		
Employer's contribution to provident fund	5.38	5.44
Employer's contribution to ESI	0.24	0.30
B. Defined Benefit Plan		
I) Change in Defined Benefit Obligation		
a) Present value of obligation as at beginning of the year	19.55	16.03
b) FCC's share of assets transferred	—	(0.95)
c) Current service cost	1.72	1.39
d) Interest cost	1.48	1.28
e) Benefits paid	(2.13)	(2.33)
f) Actuarial loss	0.37	4.24
Present value of obligation as at end of the year	20.99	19.66
II) Change in Fair Value of Plan Assets		
a) Fair Value of assets at the beginning of the year	7.99	5.25
b) Liability transferred on sale of FCC	—	(0.76)
c) Expected return on plan assets	0.67	0.56
d) Employers contributions	0.00	5.42
e) Benefits paid	(1.51)	(2.33)
f) Actuarial gain	(0.03)	(0.15)
Fair value of plan assets as at end of the year	7.12	7.99
III) The amounts to be recognised in Balance Sheet		
a) Present value of obligation as at the end of the period	21.11	19.66
b) Fair value of plan assets as at the end of the period	7.12	7.99
Net liability recognised in Balance Sheet	13.99	11.67
– Non Current	12.63	10.03
– Current	1.36	1.64

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2016 (Contd.)

(Rs. in Crores)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
IV) Expense recognised in the Statement of Profit and Loss		
a) Current service cost	1.72	1.39
b) Interest cost	1.48	1.28
c) Net actuarial loss recognised	0.41	4.39
d) Expected return on planned assets	(0.67)	(0.56)
e) Expenses recognised in the Statement of Profit and Loss	2.94	6.50
V) Assumptions used to determine the benefit obligations		
a) Discount rate	8.00%	7.75 to 8.00%
b) Rate of increase in compensation levels	5.50 to 10.00%	5.25 to 10.00%
c) Expected return on planned assets	9.25%	2.00 to 9.25%
C. Other Long Term Benefit Plans		
Other long term benefit plans represents the compensated absences provided to the employees of the group. These plans have been calculated using projected unit credit method in accordance with Accounting Standard 15 Employee benefit.		
I) Actuarial valuation has been performed using following assumptions		
a) Discount rate	8.00%	7.75 to 8.00%
b) Rate of increase in compensation levels	5.50 to 10.00%	5.25 to 10.00%
c) Expected return on planned assets	9.25%	2.00 to 9.25%

Note 39 – DETAILS OF UN-HEDGED FOREIGN CURRENCY EXPOSURE OUTSTANDING ON MARCH 31, 2016

The foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below as on each Balance Sheet date:

(Rs. in Crores)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Trade receivables	62.15	41.10
Trade payables	5.66	9.39
Loans (secured):		
Buyer's credit facility	18.94	18.38
Term loan	88.99	6.88
Packing credit facility	74.58	37.63

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Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2016 (Contd.)

Note 40 – SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED

- As the Group's business activity falls within a single primary business segment viz. "manufacturing and sale of auto components for two wheelers and four wheelers", hence the Group has only one primary reportable business segment.
- Secondary segment: Geographical

(Rs. in Crores)

Particular	India	UK	USA	Total
Year ended March 31, 2016				
Revenue from external customers (gross)	894.09	40.91	144.98	1,079.98
Carrying amount of segment assets	816.69	16.25	69.31	902.25
Capital expenditure	39.06	—	—	39.06
Year ended March 31, 2015				
Revenue from external customers (gross)	1,358.69	37.26	90.81	1,486.76
Carrying amount of segment assets	825.92	9.36	43.14	878.42
Capital expenditure	101.49	—	—	101.49

Note 41 – The Group's operating lease payments are due on premises and certain other items taken on lease for operating activities. Aggregate rental expenses under operating leases amounted to Rs.5.07crores (previous year Rs.4.03crores) for the year, has been charged to the statement of profit and loss.

The future minimum operating lease payments in respect of premises taken on lease are as follow:

(Rs. in Crores)

Particulars	As at March 31, 2016	As at March 31, 2015
Minimum lease payments		
Due within one year	1.59	1.60
Due for period more than one but less than five years	2.58	3.76
Due for period more than five years	16.13	16.46
Total minimum lease payment	20.30	21.82

Note 42 – In accordance with Accounting Standard 11 "The effects of Changes in Foreign Exchange Rates", the Company had chosen to avail the option to capitalise exchange differences arising on long term foreign currency monetary items to the cost of the relevant fixed assets and amortising it over the remaining useful life of the fixed assets. Amount remaining to be amortised is as under:

(Rs. in Crores)

Particulars	As at March 31, 2016	As at March 31, 2015
Un-amortised exchange differences	8.01	6.54

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2016 (Contd.)

Note 43 – RELATED PARTIES DISCLOSURES

A. Related parties where control exists

Name of related parties	Description of relationship
FCC Rico Limited (refer note 45)	Joint Venture
Magna Rico Powertrain Private Limited	Joint Venture
Kapsons Associates Investments Private Limited	Entity in which KMP exercise significant influence
Higain Investments Private Limited	Entity in which KMP exercise significant influence
Maggie Properties Private Limited	Entity in which KMP exercise significant influence
Raasaa Retail Private Limited* (till February 16, 2016)	Entity in which KMP exercise significant influence
Octan Media Limited	Entity in which KMP exercise significant influence
ASN Properties Private Limited	Entity in which KMP exercise significant influence
Rico Castings Limited	Entity in which KMP exercise significant influence
T.K. Precision Private Limited	Entity in which KMP exercise significant influence
Kapbros Engineering Industries Limited	Entity in which KMP exercise significant influence
Haridwar Estates Private Limited	Entity in which KMP exercise significant influence

B. Key Management Personnel

Details of key managerial personnel are as under:

- Shri Arvind Kapur – Chairman, CEO & Managing Director
- Shri Arun Kapur – Joint Managing Director
- Shri O.P. Aggarwal – Chief Financial Officer (upto March 31, 2015)*
- Shri Sanjay Syal – Chief Financial Officer (from April 1, 2015)*
- Shri B.M Jhamb – Company Secretary*

* as per the Companies Act 2013

C. Amount for the Current and Previous years are as follows

	As at March 31, 2016 (Rs. in Crores)	As at March 31, 2015 (Rs. in Crores)
A. JOINT VENTURES		
1. FCC Rico Limited		
Transactions during the year		
Purchase of goods	—	7.41
Sale of goods	—	31.45
Administration, finance, production, support services	—	12.53
Dividend received	—	7.03
Balance outstanding		
Balance recoverable	—	1.74
2. Magna Rico Powertrain Private Limited		
Transactions during the year		
Miscellaneous sales	0.09	0.12
Sale of goods	6.70	5.70
Job work income	0.00*	0.01
Balance outstanding		
Balance recoverable	2.56	1.85

RICO 2015-2016

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2016 (Contd.)

	As at March 31, 2016 (Rs. in Crores)	As at March 31, 2015 (Rs. in Crores)
B. ENTITY IN WHICH KMP EXERCISE SIGNIFICANT INFLUENCE		
1. Rico Castings Limited		
Transactions during the year		
Purchase of goods	7.93	11.35
Sale of goods	4.92	7.40
Purchase of assets	—	4.51
Miscellaneous sales	—	0.03
Job work expense	0.47	3.59
Administration, finance, production, support services	7.25	7.85
Rent paid	1.66	1.70
Loan given	13.00	25.50
Advance, net	—	(2.97)
Loan received back	2.59	—
Interest	2.42	0.03
Job work income	0.07	—
Balance outstanding		
Balance recoverable	1.87	0.02
Balance payable	—	4.36
Loan given	35.91	25.50
Interest	—	0.03
2. Kapbros Engineering Industries Limited		
Transactions during the year		
Purchase of goods	0.32	2.64
Sale of goods	0.53	2.01
Purchase of assets	5.35	1.03
Sale of assets	0.12	2.02
Job work expense	25.31	16.89
Advances given	—	6.00
Interest	0.56	0.01
Loan received back	6.00	—
Balance outstanding		
Balance recoverable	3.54	1.69
Balance payable	0.03	0.22
Loan given outstanding	—	6.00
Interest accrued but not due	—	0.01
3. Kapsons Associates Investments Private Limited		
Transactions during the year		
Loan given	24.70	—
Loan received back	1.30	—
Interest accrued	1.89	—
Rent paid	0.69	0.38
Balance outstanding		
Security deposit given	0.18	0.18
Loan recoverable	23.40	—
4. Magpie Properties Private Limited		
Transactions during the year		
Loan taken	—	5.25
Loan repaid	0.70	4.55
Interest expense	0.21	—
Balance outstanding		
Loan taken	—	0.70
5. Haridwar Estates Private Limited		
Balance outstanding		
Capital advance	9.72	9.72

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2016 (Contd.)

	As at March 31, 2016 (Rs. in Crores)	As at March 31, 2015 (Rs. in Crores)
6. T.K. Precision Private Limited		
Purchase of goods	4.25	5.02
Balance outstanding		
Balance payable	0.94	1.33
C. KEY MANAGEMENT PERSONNEL		
Remuneration paid to key management personnel		
Shri Arvind Kapur	2.06	1.35
Shri Arun Kapur	0.62	0.48
Shri O.P. Aggarwal	—	0.86
Shri Sanjay Syal	0.52	—
Shri B.M. Jhamb	0.36	0.27

* Amount has been rounded off to zero

Note: In respect of personal guarantee given by Promoters-Directors refer Note 5 - Long term borrowings and Note 9 - Short term borrowings. Also, shares amounting to Nil (previous year Rs.1.54 crores) were pledged by Kapsons Associates Investments Private Limited.

Note 44 – Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013:

Name of the Entity	Net Assets (Total Assets – Total Liabilities)		Share in Profit and Loss	
	As % Consolidated Net Assets	Amount (Rs. in crores)	As % Consolidated Net Profit	Amount (Rs. in crores)
Parent				
Rico Auto Industries Limited	97.98%	464.94	90.60%	26.92
Subsidiaries				
Indian				
1. Uttarakhand Automotives Limited	(1.90%)	(9.01)	(0.13%)	(0.04)
2. AAN Engineering Industries Limited	(0.23%)	(1.08)	(0.55%)	(0.16)
3. Rico Investments Limited	0.26%	1.22	5.83%	1.73
4. Rico Jinfei Wheels Limited	0.20%	0.94	(1.12%)	(0.33)
5. RASA Autocom Limited	(1.20%)	(5.69)	4.42%	1.31
6. Rico Aluminium and Ferrous Auto Components Limited (formerly known as RAA Autocom Limited)	0.13%	0.61	2.79%	0.83
Subsidiaries				
Foreign				
1. Rico Auto Industries Inc., USA	3.88%	18.40	0.32%	0.09
2. Rico Auto Industries (UK) Limited, UK	1.08%	5.14	(0.51)%	(0.15)
Minority Interest				
Indian				
1. Rico Investments Limited (including its subsidiaries)	0.83%	3.92	0.88%	0.26
Joint Ventures				
Indian				
1. Magna Rico Powertrain Private Limited	(1.03%)	(4.89)	(2.53)%	(0.76)
Total	100%	474.50	100%	29.70

Note 45 – During the year ended March 31, 2015, the Company completed the sale of all of its shares in the Joint Venture, FCC Rico Limited, a joint venture between the Company and FCC Rico Limited, Japan for a total gross consideration of Rs.495.00 crores to FCC Co. Ltd., Japan and/or its affiliates. The transaction was carried out at arm's length based on valuation performed by the valuation expert. Consequently, upon disposal, income and expenses are recorded upto the date of disposal and all assets and liabilities are derecognised from the consolidated financial statements.

Note 46 – Exceptional items for the current year include expenditure incurred pursuant to Voluntary Retirement Scheme of the Company amounting to Rs.4.59 crores.

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2016 (Contd.)

Previous year exceptional items included

a. Sale of Shares in the Joint Venture Company, FCC Rico Limited

Sale of shares in the Joint Venture, FCC Rico Limited: Consequent to the sale of all shares held by the Company in the Joint Venture for a total gross consideration of Rs.495.00 crores, the Company recorded a gain of Rs.376.87 crores in consolidated financial statements. Further, legal and professional expenses of Rs.4.41 crores are incurred in relation to sale of investment in FCC Rico Limited, have been netted from the sale consideration.

b. Impairment loss

The Group recorded an impairment loss of Rs.174.12 crores in its consolidated financial statements relating to its Ferrous Undertaking and Non-Ferrous based auto components business division.

c. Other items

Expenditure incurred pursuant to Voluntary Retirement Scheme of the Company amounting to Rs.2.59 crores and land write off amounting to Rs.1.26 crores.

Note 47 – IMPAIRMENT OF BUSINESS DIVISIONS

As required by Accounting Standard 28, "Impairment of Assets", Company had tested for impairment of its Aluminium Unit – Sanand and Ferrous Foundry Unit – Gurgaon & Manesar (hereinafter referred to as divisions) during the year and had determined that the recoverable amount of these divisions are less than their carrying amount. According, an impairment provision amounting to Rs.174.12 crores had been recorded in the consolidated financial statements.

a. Aluminium Unit – Sanand

The unit caters to aluminium casting business to supply to a single original equipment manufacturer (OEM) in Sanand, Gujarat. There was lower than anticipated demand for the products of the OEM due to poor market response. As a result, order flow to the plant was lower than expected. Plant had been operating at very low capacity utilisation in the year and sales outlook was considered bleak by the management. The management performed a detailed impairment assessment internally by engaging an independent valuer for its division and determined that the recoverable amount of the division is less than its carrying cost. The carrying amount of plant was reduced by Rs.21.47 crores in previous year.

b. Ferrous Foundry Unit – Gurgaon & Manesar

The unit is engaged in manufacturing ferrous parts for various original equipment manufacturers. The order flow of the division had been falling over the years and due to lack of orders from customers. The management performed a detailed impairment assessment internally by engaging an independent valuer for its division and determined that the recoverable amount of the division is less than its carrying cost. The carrying amount of plant has been reduced by Rs.152.15 crores.

Assumptions related to (a) and (b) above

The recoverable amount has been determined at cash generating unit level and was based on value-in-use calculations, covering a detailed five-year cash flow projections as certified by management followed by extrapolation of expected cash flows to perpetuity using long term growth rate of 4%.

The present value of expected cash flows of the unit is determined by applying a discount rate of 15.37% per annum. The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of the unit.

Cash Flow Assumptions

Management's valuation has been based on prevailing market conditions and on the assumption that current structure, strategy and external business environment would largely remain the same in foreseeable future.

Note 48 – Prior period tax represents depreciation adjustment between current tax and deferred tax.

Note 49 – Previous year's amounts have been regrouped/reclassified, wherever considered necessary to make them comparable with those of the current year.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Ashish Gupta**
Partner

Sanjay Syal
Chief Financial Officer

Amarjit Chopra
Director
(DIN:00043355)

Place : Gurgaon
Dated : 19th May, 2016

B.M.Jhamb
Company Secretary

Satish Sekhri
Director
(DIN: 00211478)

Arvind Kapur
Chairman, CEO
& Managing Director
(DIN:00096308)



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