

32nd
ANNUAL
REPORT
2014-15

RICO

RELIABILITY
INNOVATION
COMPETITIVENESS
GLOBALIZATION

RICO - Made in India with Pride

About us

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

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

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

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

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

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

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

Our Vision

To be the preferred supplier to
OEMs' across the Globe.

Our Strategies

World Class Quality

ISO TS 16949, ISO 14001, OHSAS 18001

Integrated Service - Concept to Delivery

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

Preferred Supplier

Customer Focussed Enterprise
Efficient Account, Program & Launch Management

People

Regular Training, Skill Building, Involvement &
Empowerment and Leadership

Globalization

Global Teams, Global Presence & Scale

Shareholder Value

Focus on return on Capital Employed
Consistent Dividend Distribution

Our People: Our Greatest Asset

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

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

Financial Highlights

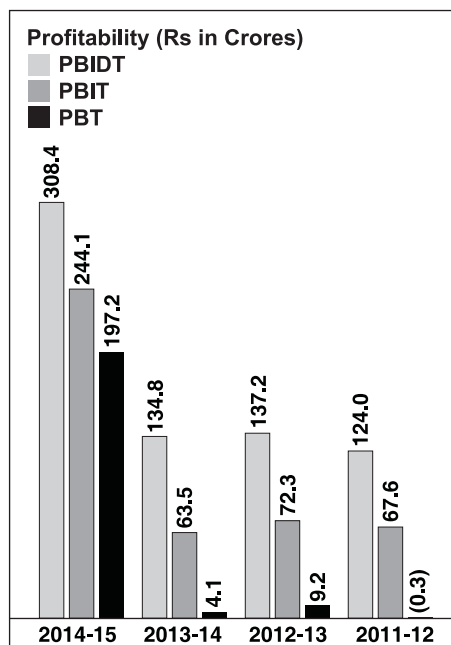
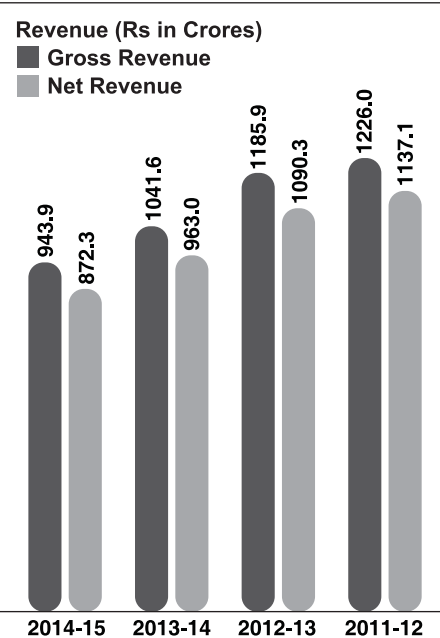
Stand Alone

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

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

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

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



Financial Highlights

Consolidated Group

	(Rs. in Crores)			
Particulars	2014-15	2013-14	2012-13	2011-12
Gross Revenue	1519.2	1660.5	1702.2	1657.8
Net Revenue				
Rico Auto Industries Ltd.	872.3	963.0	1090.3	1137.1
Rico Auto Industries Inc. USA	91.0	85.4	78.9	94.6
Rico Auto Industries (UK) Limited UK	37.3	56.4	50.8	55.9
FCC Rico Limited (50%)	409.6	480.4	431.1	378.4
Continental Rico Hydraulic Brakes India Pvt. Ltd. (50%)	0.00	0.00	0.00	15.5
Magna Rico Powertrain Private Limited (50%)	31.2	23.2	17.9	10.0
Rico Jinfei Wheels Limited (93.5%)	98.1	52.0	50.5	36.3
Uttarakhand Automotives Limited	11.0	0.0	0.0	0.0
Rasa Autocom Limited	14.9	14.8	9.1	16.8
Rico Aluminium and Ferrous Auto Components Limited (formerly RAA Autocom Limited)	5.9	0.0	0.0	0.0
Rico Investments Limited	0.1	0.0	0.0	0.0
AAN Engineering Industries Limited	0.0	0.0	0.0	0.0
Less : Inter Company Sales	(192.6)	(169.0)	(183.3)	(220.8)
Rico Group Consolidated	1378.7	1506.2	1545.3	1523.9
PBIDT	323.9	174.3	169.9	176.2
PBIT	239.3	79.9	82.9	105.2
PBT	186.6	12.6	13.8	34.8
PAT	153.6	2.7	5.4	22.5
Gross Fixed Assets (Incl. CWIP)	834.4	1308.7	1242.8	1094.3
Net Fixed Assets (Incl. CWIP)	441.8	707.1	729.0	644.9
Net Current Assets*	165.0	(2.1)	125.1	194.3
Equity Share Capital	13.5	13.5	13.5	13.5
Reserves & Surplus	437.5	335.3	330.5	327.8
Deferred Tax Liabilities	11.6	37.5	40.4	38.8
Total Loan Funds	186.1	349.5	499.1	479.4
Key Ratios (%)				
Operating Margin (PBITD/Net Revenue)	23.5	11.6	11.0	11.6
ROCE (PBIT/Avg. Capital Employed)	34.6	9.9	9.5	12.4
RONW (PAT/Avg. Net Worth)	38.4	0.8	1.6	6.8
Per Share Data (Rs)				
EPS (Rs)	11.4	0.2	0.4	(0.2)
Cash EPS	11.4	7.2	6.8	5.1

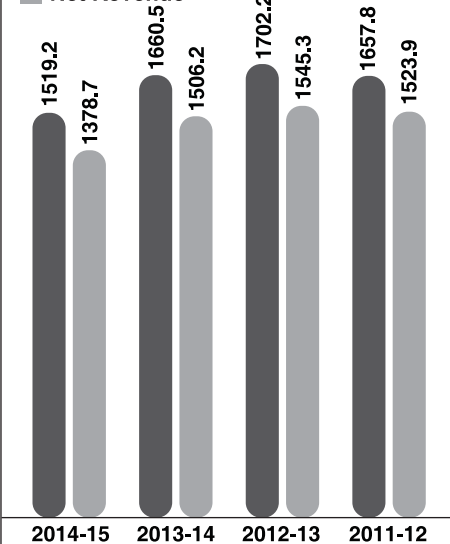
*Excluding short term and current liability of long term bank borrowings.

Note: Profit 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.

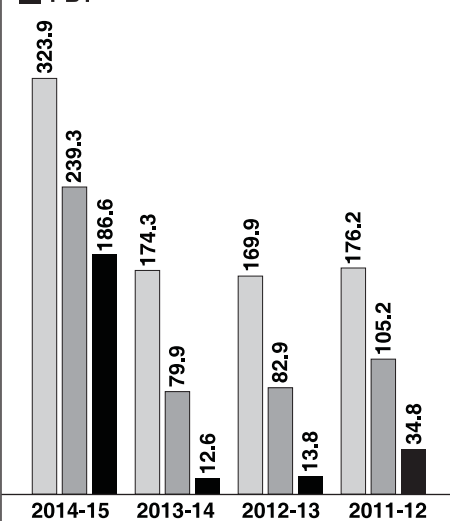
Consolidated Revenue (Rs in Crores)

■ Gross Revenue
■ Net Revenue



Consolidated Profitability (Rs in Crores)

■ PBIDT
■ PBIT
■ PBT



From the Chairman's Desk

Dear Shareholders,

FY 2014-15 has been a year of recovery for the Indian Economy at large and the Automotive Sector in particular. Riding on the wave of a gradual rise in market sentiments, excise duty cuts and the opening up of the mining and infrastructure sectors, the Indian Domestic Automotive Industry posted an overall growth of 7.2 percent in fiscal year 2014-15. All vehicle categories other than Commercial Vehicles have shown positive growth and passenger car sales have returned to the black after three years, posting a 5 percent increase in sales in FY 2014-15. The two-wheeler segment has also posted an encouraging 8.1 percent growth.

The impact of low economic activity in the preceding years, however, is only gradually wearing off. Consequent to a host of financial liquidity constraints arising out of under utilized investments in the past 3 years fuelled by an overall low economic activity during the same period, your Company has posted a slight decline in turnover in the current year. By virtue of the professional approach and the best practices adopted by your Company, we were however able to optimize this decline in a year that showed signs of turnaround.

The Company however has earned a significant Profit after Tax on account of selling its stake in FCC Rico Limited, a Joint Venture Company, thereby recording a one-time capital gain.

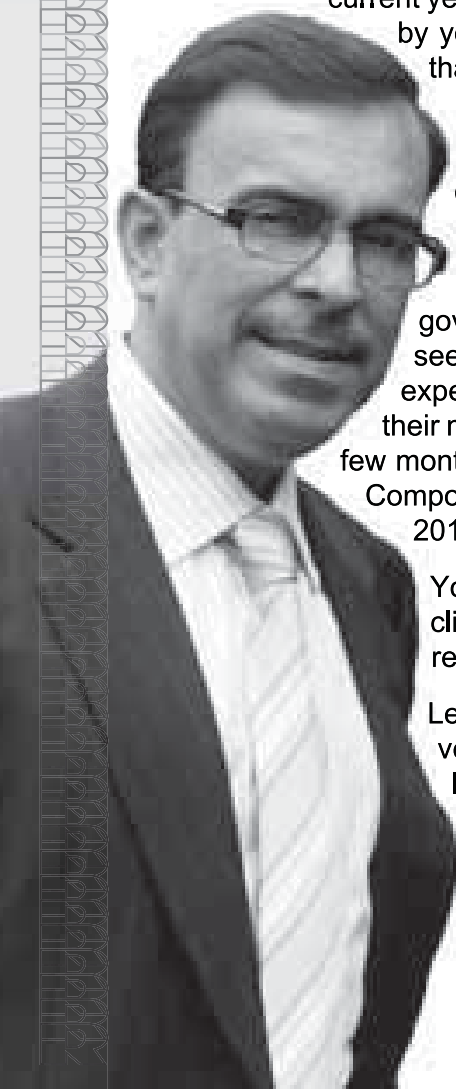
As we take on a new year, we are hopeful that the business climate will only improve. Initiatives such as "Make in India" unveiled by the government to improve the investment environment in the country are being seen as likely growth drivers. The "Make in India" theme is particularly expected to bring long term results with foreign companies looking at India as their manufacturing hub. With vehicle consumption showing a growth in the last few months the stage has been set for cautious optimism as we expect the Auto Component Industry to grow in the range of 6-8 percent in the current fiscal 2015-16, while the economy as a whole is projected to grow at 7.9 percent.

Your Company is well poised to leverage this change in the economic climate to step up growth and enhance shareholder value. The first quarter results of the current fiscal are only indicative of these trends.

Let me take this opportunity to thank our valued customers, associates, vendors, bankers & stakeholders for reposing their faith in us. I would also like to extend my gratitude to all our employees for their single-minded dedication.

Arvind Kapur

Chairman, CEO & Managing Director



Our Core Values

Excellence

The power of being the best

Commitment

The power of responsibility, accountability and ownership

Integrity

The power of honesty and transparency

Teamwork

The power of working together

Entrepreneurship

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

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Team and Corporate Information

Board of Directors

Arvind Kapur
Chairman, CEO & MD

Kanwal Monga
Amarjit Chopra
Dr. Ashok Seth
Satish Sekhri

Rajeev Kapoor
Vinod Kumar Nagar

Rakesh Kapur
Upasna Kapur
(w.e.f. 19/06/2015)

Arun Kapur
(Joint Managing Director)

Chief Financial Officer

Sanjay Syal

Senior Executives

O.P. Aggarwal
R.S. Kundi
N.K. Sethi

Surendra Singh
Manjeet Singh

R.K. Miglani
M.K. Jain

R. Dharna
Abhishek Kulshrestha
Sandeep Rajpal

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
State Bank of Patiala
Syndicate Bank
Yes Bank Limited

Auditors

Walker Chandiok & Co LLP
Chartered Accountants
New Delhi, India

Registered Office & Dharuhera Plant

69 KM Stone, Delhi-Jaipur Highway,
Dharuhera - 122106, District Rewari
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 Limited
F-65, Okhla Industrial Area, Phase I
New Delhi - 110020, India

DIRECTORS' REPORT

To the Shareholders,

Your Directors have pleasure in presenting the 32nd Annual Report of your Company, together with the Audited Accounts for the year ended 31st March, 2015.

FINANCIAL RESULTS

(Rs. in Crores)		
Particulars	Year Ended 31/03/2015	Year Ended 31/03/2014
Gross Sales and other Income	943.90	1041.62
Net Sales and other Income	872.26	963.04
Profit before Interest, Depreciation & Exceptional Items	87.41	134.79
Interest & Financial charges	46.97	59.36
Profit before Depreciation, Exceptional Items and Tax	40.44	75.43
Depreciation	64.22	71.33
Profit before Exceptional Items and Tax	(23.78)	4.10
Exceptional Items	220.94	—
Profit before Tax (PBT)	197.16	4.10
Provision for Income Tax	48.39	2.54
Provision for Deferred Tax	(22.50)	(1.07)
Previous year Income Tax	(0.06)	—
Net Profit	171.87	2.63
Surplus brought forward from previous years	81.91	80.86
Amount available for appropriations	253.78	83.49
Appropriations:		
Dividend paid (10%)	—	1.35
Interim Dividend paid (100%)	13.53	—
Proposed Final Dividend on Equity Shares (200%)	27.06	—
Corporate Dividend Tax	8.11	0.23
Balance carried to Balance Sheet	202.19	81.91
	253.78	83.49

OPERATIONS AND THE STATE OF COMPANY'S AFFAIRS

Your Company has recorded a gross turnover of Rs.943.90 crores in the year under report as against Rs.1041.62 crores in the previous year. Your Company has earned a Profit after Tax (PAT) of Rs.171.87 crores during the year under report over the previous year's profit of Rs.2.63 crores. During the period under review, the PAT includes one time capital gain on the sale of entire 39,50,000 fully paid-up equity shares of Rs.10/- each of the Joint Venture Company namely FCC Rico Limited.

DIVIDEND

During the financial year ended 31st March, 2015, your Company has paid an Interim Dividend @ 100 percent i.e. Re.1/- per Equity Share of Re.1/- each, amounting to Rs.16.23 crores including dividend tax of Rs.2.70 crores which was declared by the Board of Directors on

14th February, 2015 and paid on 13th March, 2015. In addition, your Directors recommended a Final Dividend @ 200 percent i.e. Rs.2/- per Equity Share of Re.1/- each for the financial year 2014-15. If approved, the total dividend (interim and final dividend) will amount to Rs.48.70 crores including dividend tax of Rs.8.11 crores as against a dividend of 10 percent i.e. Re.0.10 per Equity Share of Re.1/- each aggregating to Rs.1.58 crores including dividend tax of Rs.0.23 crore in the previous year on the same Equity Share Capital. The Dividend paid during the financial year is a one time special dividend out of capital gain on sale of the entire stake in Joint Venture Company namely FCC Rico Limited.

RESERVES

The reserves of your Company after proposed appropriations shall stand at Rs.428.97 crores as against Rs.308.69 crores in the previous year.

EXPORT

The export turnover of your Company during the period under review was Rs.192.64 crores as against Rs.193.20 crores in the previous year. The export turnover includes sales to wholly owned subsidiaries amounting to Rs.122.13 crores as against Rs.124.33 crores in the previous year. Our wholly owned subsidiaries in United Kingdom and United States of America are engaged in providing last mile sales and customer support in the regions.

During the quarter ended 30th June, 2015 of current year, export turnover was Rs.53.69 crores as against Rs.45.42 crores in the corresponding quarter of the previous year. Further details as regards efforts of your Company on this front have been dealt with in the Management Discussion and Analysis section of this report.

OUTLOOK FOR CURRENT YEAR

The Unaudited Financial Results for the first quarter ended 30th June, 2015, already announced, show a gross turnover of Rs.236.45 crores for the first quarter of the current year against a turnover of Rs.229.97 crores in the corresponding quarter of the previous year. Steps are being taken to further improve the turnover and margin during the remaining part of the year.

NEW PLANTS AND FACILITIES

The Company continues its efforts towards expansion of its domestic and overseas customer base by first utilizing the existing available capacities and also implementing new facilities to enhance capacity by acquiring new technologies and also de-risking its operations geographically. The Company is working for setting-up its:

A. Bawal Plant

This plant has been set up for High Tonnage High Pressure Die Casting work with full automation and controls and High Precision Machining for auto parts and assembly. The Company is now gearing up for higher volumes for our esteemed customers namely BMW, Renault, GKN, Eaton and Tata Motors.

B. Chennai Plant

The Company has set up a manufacturing plant for supply of HPDC parts to Renault – Nissan in Chennai. The plant and machinery has been installed and production trials are in progress. Commercial production is expected to start in 3rd Quarter of current financial year.

C. Pathredi (Bhiwadi) Plant

Site development work has been completed. The building construction is expected to commence in the last quarter of the current financial year.

D. Sanand Plant

In view of low demand by Tata Motors Limited for the components for the Nano Car, supply is being made from the Company's Gurgaon Plant. Efforts are being made to add more customers so the Plant capacity can be utilized. Re-starting of the Sanand Plant is under discussion with Tata Motors for manufacturing new parts for their new models. Further discussions are in progress with Hero Motocorp and Maruti Suzuki for supplies to their up-coming plants in Gujarat and other states.

SUBSIDIARY COMPANIES

Your Company has four Wholly Owned Subsidiaries and one Subsidiary Company and three Step-down Subsidiary Companies. There was no material change in the nature of the business of any subsidiary company. During the year under review, Rico Jinfei Wheels Limited, Rasa Autocom Limited and Rico Aluminium and Ferrous Auto Components Limited (formerly RAA Autocom Limited) have become step-down subsidiaries of the Company. None of the below mentioned subsidiary companies is a material subsidiary of the Company.

A. Rico Auto Industries Inc., USA

This Company is engaged in the business of trading of Auto Components and providing warehousing and logistics support to our OEMs and Tier-I Customers in the North American and Brazilian Markets. The Company has recorded a gross turnover of Rs.90.95 crores during the financial year ended 31st March, 2015 as against Rs.85.44 crores in the previous year. The Company earned a net profit of Rs.1.07 crores in the financial year ended 31st March, 2015 as against Rs.1.02 crores in the previous year. The Company has not declared any dividend for the financial year ended 31st March, 2015.

This Subsidiary has achieved a gross turnover of Rs.27.01 crores for the first quarter ended 30th June, 2015 as against Rs.22.29 crores in the corresponding quarter of the previous year, an increase of 21.18 percent. During the financial year and period under review, your Company has not made any additional investment in this Subsidiary.

The Subsidiary is expecting significant growth during the remaining part of the current financial year based on the demand of our OEMs and Tier-I Customers.

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

This Company is engaged in the business of trading of Auto Components and providing warehousing and logistics support to our OEMs and Tier-I Customers for the European Markets. The Company recorded a gross turnover of Rs.37.26 crores during the financial year ended 31st March, 2015 as against Rs.56.45 crores in the previous year. The Company earned a net profit of Rs.0.27 crore in the financial year ended 31st March, 2015 as against Rs.0.35 crore in the previous year. The Company has not declared any dividend for the financial year ended 31st March, 2015.

This Subsidiary has achieved a gross turnover of Rs.6.84 crores for the first quarter ended 30th June, 2015 as against Rs.12.17 crores in the corresponding quarter of the previous year, a decrease of 43.80 percent. During the financial year and period under review, your Company has not made any additional investment in this Subsidiary.

The Subsidiary, despite decrease in turnover in first quarter, is expecting significant growth during the remaining part of the

current financial year based on the demand of our OEMs and Tier-I Customers.

C. Uttarakhand Automotives Limited

During the year under review, this Company has not started any manufacturing activities. The Company has earned total revenue of Rs.11.02 crores by way of remission of interest. After adjusting expenses and exceptional items recorded a profit of Rs.1.71 crores as against loss of Rs.0.0035 crore in the previous year. During the financial year and period under review, your Company has not made any additional investment in this Subsidiary.

D. AAN Engineering Industries Limited

This Company has been set-up to focus on, non-automotive components business, especially for manufacturing and supplying of technical and engineering equipment required for Defence i.e. Army, Aerospace, Navy and Homeland Security. The Company is now registered with the Directorate General of Supplies & Disposals (DGS&D), National Small Industries Corporation (NSIC) and Ordnance Factories Board (OFB), besides various DPSU like HAL, BEL, HVF etc. This Company obtained the AS 9100C Certification as 'Manufacturer of Precision Machined Components and Assemblies'. This Company has also signed an International Distributor & Representation Agreement with two foreign companies in the field of Track Assemblies for Armoured Track Vehicles and Handheld and Mounted Observation Systems.

During the year under review, the Company has developed required engineering expertise to provide services for the specific products e.g. Mechanical & Electrical Fuzes for Ammunition, Tank Track Link Assembly & Opto Mechanical for Defense Sector. Technical agreement with a world renowned European company for Tank Refurbishment has also been inked.

The year under review also saw successful on site Audit by large Private Aerospace OEMs e.g. Airbus further strengthening our Company probability of bagging new business opportunities.

During the year under review, the Company has earned total revenue of Rs. 0.05 crore. The Company has incurred total expense of Rs. 0.13 crore during the financial year 2014-15. The Company has accumulated loss of Rs.0.91 crore as on 31st March, 2015. During the financial year under review, your Company has not made any additional investment in this Subsidiary.

E. Rico Investments Limited

During the year under review, the Board of your Company with a strategic view of restructuring the business operations of the Company has formed a subsidiary company namely Rico Investments Limited on 7th January, 2015 as a Core Investment Company to hold Investments in the Group Companies. Your Company with your approval has sold the investments held in its three subsidiary companies namely Rico Jinfei Wheels Limited, Rasa Autocom Limited and Rico Aluminium and Ferrous Auto Components Limited (formerly RAA Autocom Limited) to this Company, consequently these Companies have become step down subsidiaries.

This Company has earned total revenue of Rs.1.11 crores and net profit of Rs.0.38 crore for the quarter ended 30th June, 2015.

During the year under review, your Company has invested in the equity share capital of this Subsidiary Company for the purpose

of holding strategic investments in the various Group Companies. The details of the step-down subsidiary companies are given below:

i) Rico Jinfei Wheels Limited

This Company has recorded a gross turnover of Rs.108.90 crores during the financial year ended 31st March, 2015 as against Rs. 63.41 crores in the previous year. This Company has earned a profit of Rs.10.96 crores in the financial year ended 31st March, 2015 as against the loss of Rs.12.81 crores in the previous year.

Further, this Company has achieved a gross turnover of Rs.30.12 crores for the quarter ended 30th June, 2015 as against Rs.20.56 crores in the corresponding quarter of the previous year, an increase of 46.50 percent. Rico Investments Limited has made an investment of Rs.6.04 crores in the Equity Share Capital of the Company. The Company has not declared any dividend for the financial year ended 31st March, 2015.

ii) Rasa Autocom Limited

This Company is engaged in the business of manufacturing of high pressure and gravity die cast auto components. Its plant is being equipped for automation and better controls to produce high quality parts in large volume for export. The Company has recorded a gross turnover of Rs.7.76 crores during the financial year ended 31st March, 2015 as against Rs.16.89 crores in the previous year. The Company has incurred loss of Rs.1.94 crores in the financial year ended 31st March, 2015 as against the loss of Rs.7.52 crores in the previous year.

This Subsidiary has achieved a gross turnover of Rs.8.97 crores for the first quarter ended 30th June, 2015 as against Rs.2.01 crores in the corresponding quarter of the previous year. Rico Investments Limited has made an investment of Rs.5.46 crores in the Equity Share Capital of the Company.

iii) Rico Aluminium and Ferrous Auto Components Limited (formerly RAA Autocom Limited)

During the year under review, this Company has started manufacturing and recorded a gross turnover of Rs.6.45 crores in the financial year 2014-15. The Company has incurred total expenses of Rs.4.11 crores during the financial year 2014-15. The Company has earned profit of Rs.1.60 crores as on 31st March, 2015. Rico Investments Limited has made an investment of Rs.46.00 crores in the Equity Share Capital of the Company.

Further, this Company has achieved a gross turnover of Rs.70.77 crores for the quarter ended 30th June, 2015.

JOINT VENTURE COMPANIES

A. Magna Rico Powertrain Private Limited

Magna Rico recorded a gross turnover of Rs. 65.55 crores in the financial year ended 31st March, 2015 as against Rs.51.36 crores in the previous year. The Company has earned a net profit of Rs.6.12 crores in the financial year ended 31st March, 2015 as against Rs.1.74 crores in the previous year. The Company has not declared any dividend for the financial year ended 31st March, 2015. During the financial year and period under review, your Company has not made any additional investment in this Subsidiary.

Further, this Company has achieved a gross turnover of Rs.14.60 crores for the quarter ended 30th June, 2015 as against Rs.12.93 crores in the corresponding quarter of the previous year, an increase of 12.91 percent.

B. FCC Rico Limited

During the year under review, your Company has sold the entire 39,50,000 fully paid-up equity shares of Rs.10/- each of the Joint Venture Company namely FCC Rico Limited to its JV Partner's two Group Companies namely, FCC Clutch India Private Limited and FCC (Philippines) Corporation. The entire consideration of Rs.495.00 crores towards our investment has been received and consequently FCC Rico Limited has ceased to be our Joint Venture Company w.e.f. 23rd December, 2014.

FINANCIAL STATEMENTS

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

A Statement containing salient features of the financial statements of subsidiary and joint venture companies has been provided in Form AOC-1 which is annexed and forms part of this Report. Further, audited financial statements of the subsidiary companies have also been placed on the website of the Company. The Company will make available these documents upon request by any member of the Company interested in obtaining the same.

CORPORATE RESTRUCTURING

During the financial year under review, the Board of Directors of the Company after obtaining your approval by way of Special Resolution through postal ballot has (i) sold the investments held in its subsidiary companies namely Rico Jinfei Wheels Limited, Rasa Autocom Limited and Rico Aluminium and Ferrous Auto Components Limited to its subsidiary company namely Rico Investments Limited for consideration of Rs.1.04 crores, Rs.0.46 crore and Rs.0.003 crore respectively (ii) sold and transferred (a) Ferrous based Auto Components plants at Gurgaon and Manesar, Haryana; and (b) Aluminium based Auto Components plant at Sanand, Gujarat as a going concern on a 'slump sale' basis for a lump sum consideration, without values being assigned to individual assets and liabilities to Rico Aluminium and Ferrous Auto Components Limited for a total consideration of Rs.44.40 crores (Rupees Forty four crores and forty lacs only) in cash, based on report of an independent valuer and fairness opinion report obtained from merchant banker.

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, 2015 and the date of this Report.

FIXED DEPOSITS

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (MDA)

Pursuant to Clause 49 of the Listing Agreement, 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.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

SECRETARIAL STANDARDS

The Company is in compliance with the disclosure as per Secretarial Standard of ICSI pertaining to Board Meetings and General Meetings.

NUMBER OF MEETINGS OF THE BOARD

During the year under review, nine Board Meetings were held and one separate meeting of Independent Directors was held, the details of which forms part of Corporate Governance Report.

CORPORATE GOVERNANCE

A separate report on Corporate Governance along with General Shareholders information as prescribed under the Listing Agreement is annexed as a part of this Report, along with the Certificate from the Practicing Company Secretary regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges.

AUDIT COMMITTEE

The Board of Directors of your Company has revised its terms of reference to make in line with the requirements of Section 177 of the Companies Act, 2013 and the rules made thereunder and Clause 49 of Listing Agreement. 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 Listing Agreement with the Stock Exchanges. Details of the Nomination and Remuneration Committee are given under the Corporate Governance Report. The 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.

VIGIL MECHANISM

The Company has established Vigil Mechanism/Whistle Blower Policy for Directors and Employees as an avenue to report concerns including unethical behaviour, actual or suspected, frauds or violation of the Company's code of conduct. The same also covers the Whistle Blower Policy under the Clause 49 of the Listing Agreement and is available on the website of the Company.

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. 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. During the year under review, the Company has entered into contracts/arrangements/transactions with related parties and the details are provided in Form AOC-2 which is annexed and forms part of this Report. Please also refer note to the standalone financial statements for related party disclosures.

LISTING OF EQUITY SHARES

The Equity Shares of your Company are presently listed on BSE Limited and the National Stock Exchange of India Limited. The Annual Listing Fees have been paid for the financial year 2015-16.

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 investment made and loans given are provided in the standalone financial statements. (Please refer Note to the standalone financial statements).

DIRECTORS & KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association, Shri Rakesh Kapur, Director of the Company will retire by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

Smt. Upasna Kapur has been appointed as the Additional Director of the Company w.e.f. 19th June, 2015. She hold office upto the date of the ensuing Annual General Meeting of the Company. The Board recommends the proposal of her appointment as Director of the Company which is included in the Notice of the ensuing Annual General Meeting for your approval.

The Board has re-appointed Shri Arun Kapur as Joint Managing Director for a further period of five years commencing from 2nd May, 2015 to 1st May, 2020. Resolutions for his re-appointment and remuneration are being placed for your approval in the forthcoming Annual General Meeting.

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

Shri Sanjay Syal has been appointed as Chief Financial Officer of the Company w.e.f. 1st April, 2015 pursuant to Section 203 of the Companies Act, 2013 and rules made thereunder.

All Independent Directors of the Company have given declarations confirming that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

FAMILIARISATION PROGRAMME FOR 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 Managing 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.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 of the Companies Act, 2013, your Directors confirm that:

- i) in the preparation of the annual accounts for the financial year ended 31st March, 2015, the applicable accounting standards have been followed and there are no material departures;
- ii) appropriate accounting policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the profit for the year 1st April, 2014 to 31st March, 2015;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities;
- iv) the annual accounts for the financial year ended 31st March, 2015 have been prepared on a going concern basis;
- v) internal financial controls have been laid down to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- vi) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

BOARD EVALUATION

Pursuant to the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board of Directors has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees.

AUDITORS

M/s. Walker Chandio & Co LLP, Chartered Accountants (Firm Registration No.N500013) have been re-appointed for a period of three years in the previous Annual General Meeting subject to ratification of members in every Annual General Meeting. The Company has received a consent and certificate from the Auditors confirming their eligibility for ratification for the financial year 2015-16. The Board recommends the ratification from the conclusion of the ensuing 32nd Annual General Meeting until the conclusion of next (33rd) Annual General Meeting.

The observations in the Auditor's Report on Consolidated Financial Statements are dealt within the notes to accounts at appropriate places and being self-explanatory, need no further comments.

COST AUDITORS

The Board, on the recommendation of Audit Committee has appointed M/s. J.K. Kabra & Co., Cost Accountants, New Delhi as Cost Auditors to carry out the cost audit of the Company for the financial year 2015-16. In terms of Section 148 of the Companies Act, 2013 and the rules made thereunder, remuneration of Cost Auditors is to be ratified by members of the Company. Accordingly, a resolution is included in the Notice of forthcoming Annual General Meeting for your approval. The Cost Audit Report for the financial year 2014-15 would be filed with Hon'ble Ministry of Corporate Affairs, New Delhi within stipulated time.

SECRETARIAL AUDITORS

The Board has appointed Shri K.K. Sachdeva, Practicing Company Secretary, as Secretarial Auditors to carry out the secretarial audit of

the Company for the financial year 2015-16. The Secretarial Audit Report for the financial year ended 31st March, 2015 is annexed and forms part of this report. The Company was required to appoint Woman Director on or before 31st March, 2015. The Board has appointed Smt. Upasna Kapur w.e.f 19th June, 2015 as Woman Director in compliance of Clause 49 of the Listing Agreement and Section 149 of the Companies Act, 2013.

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

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

CONSERVATION OF ENERGY, RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

As required by the provisions of Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, the relevant information is given in the annexure forming part of this report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There were no significant and material orders passed against the Company by the regulators or courts or tribunals during financial year 2014-15 impacting the going concern status and Company's operations in future.

PERSONNEL

In terms of provisions of Section 197(12) of the Companies Act, 2013, read with the Rule 5 of the Companies (Appointment and Remuneration) Rules, 2014, a disclosure pertaining to remuneration and the names and particulars of the employees is annexed and forms part of this Report.

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 of the Company for the benefit of its employees. There were no complaints received from any employee during the year under review.

The Industrial relations with personnel are cordial at all Plants. Your Directors wish to place on record their appreciation of the sincere and unstinted support being provided to the Company by its employees at all levels.

ACKNOWLEDGEMENT

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

Place : Gurgaon
Date : 12th August, 2015

Chairman, CEO & Managing Director
(DIN: 00096308)

ANNEXURE TO DIRECTORS' REPORT

INFORMATION UNDER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015.

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:

- Using natural gas as a fuel for Core Backing in Core Shop and Leddel heating.
- Installation of 12 Pulse Controlled Induction Melting Furnace in place of 6 Pulse Controlled Induction Furnace.
- Reduce energy consumption through:
 - Installation of LED Lights in place of Sodium Vapour Lights.
 - LED Low power consumption lights in place of 40 Watt Tube Lights with Choke.
 - Replacement of Electrical Heaters with Direct Natural Gas Heating in Paint Shop.
- Installation of Power Plant based on Solar Energy.
- Installation of Reverse Osmosis (RO) Plant for further recovery of treated water from RO waste water.
- Installation of LT Capacitor for improving power factor from 98 to 99.

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 the year under report.

B. Technology Absorption

i) Efforts made towards technology absorption

- While designing & optimization of cylinder block process, bench marking study was done by visits & meetings with various manufacturers, study of various available allied processes & equipment, discussions with process experts, study & analysis of information available in public domain.
- While designing the rotary leak testing, various mechanisms were drawn & evaluated to meet our requirement, explored various joints & connection to transfer pressure in rotating conditions.
- While conducting physical & chemical analysis of die steel material of different grades, in depth study was conducted by analyzing patents, publications & discussions with National Materials Laboratories.
- While doing the casting improvements various improvements alternatives were analyzed & optimized with the help of casting process simulation softwares.

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

- Cylinder Block Process – Highly productive consistent process & customer confidence.
- Rotary Leak Testing – Checking of parts in applied condition. No rejection at customer end & customer confidence.
- Die Steel Material – This bench marking study gives us justification for rise in material cost.
- Casting improvement – Helped in improvement of Original Equipment Effectiveness (OEE).

iii) Information regarding imported technology (imported during the last three years reckoned from the beginning of the financial year) – Not Applicable

iv) Expenditure incurred on Research and Development

a) Capital Expenditure (Net of Sale/Disposal) including Capital Work-in-Progress as on 31/03/2015	:	Rs.10.69 crores
b) Capital Expenditure during the year 2014-15	:	Rs.0.22 crore
c) Capital Work-in-Progress during the year 2014-15	:	Nil
d) Recurring Expenditure	:	Rs.4.55 crores
e) Depreciation	:	Rs.0.39 crore
f) Total (b to e)	:	Rs.5.16 crores
g) Total R&D expenditure as percentage to total turnover	:	0.57%

C. Foreign Exchange Earnings and Outgo

Total foreign exchange used and earned:

(Rs. in Crores)		
Particulars	2014-2015	2013-2014
i) Expenditure in foreign currency	28.23	9.93
ii) Foreign Exchange earned	184.36	190.44

ANNEXURE TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Rico Auto Industries Limited (RICO) is amongst the leading players in the Indian Auto Components Industry. RICO supplies Aluminium and Ferrous Machined Components and Assemblies to Original Equipment Manufacturers (OEMs) and Tier-I Customers across the globe.

INDUSTRY STRUCTURE AND DEVELOPMENTS

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

FY 2014-15 numbers reveal all vehicle categories other than commercial vehicles were in positive territory and passenger car sales have returned to the black after three years. Riding on the back of a gradual uplift in market sentiments, excise duty cuts continuing through to December 2014 and the opening up of the mining and infrastructure sectors, the Indian domestic automotive industry posted an overall growth of 7.2 percent in fiscal year 2014-15, marking an improved performance over the previous fiscal. The crucial passenger car sector has posted an increase of 5 percent with sales of 1.87 million units and overall the passenger vehicle segment posted 3.9 percent growth with 2.6 million units. The commercial vehicles posted a negative growth of 2.9 percent at 615,000 units mainly being dragged down by light commercial vehicles. The two wheeler segment posted 8.1 percent growth with 16 million units primarily on back of stupendous 25 percent growth in the scooters and mere 2.5 percent growth on the motorcycles.

In FY 2014-15 overall auto exports have also risen 14.9 percent with Passenger Vehicles, Commercial Vehicles and Two-wheelers up 4.4 percent, 11.3 percent and 17.9 percent respectively.

The Indian Auto Component Industry turnover stood close to US\$ 38.5 Billion for the year 2014-15 over the previous year turnover of US\$ 35.1 Billion, an increase of 9.69 per cent in Dollar terms. However, in Rupee terms this has increased by 11 per cent. Exports of Auto Components from India during the financial year 2014-15 increased to US\$ 11.2 Billion from US\$ 10.2 Billion compared to previous year 2013-14 recording a growth of 9.8 percent.

With the Make in India initiative by the government and many other steps which are being taken to improve the investment environment in the country we feel the overall manufacturing sector will get a boost in coming years. The Automotive Sector holds huge investment potential and require huge investment from Indian and Global Players. Auto Component Industry largely depends on the OEMs in the sectors, most of them have set up and are also setting up their base in India to cater the domestic as well as export market.

With the automotive sector being a key driver of the economy and growth returning to vehicle consumption in the last few months, we expect the component industry to grow in the range of 6-8 percent in the current fiscal 2015-16.

ECONOMIC OUTLOOK

Indian Economy is now seventh largest in the world by nominal GDP and third largest by Purchasing Power Parity (PPP). India is one of the world's most attractive markets for Companies in the automotive sector. The country is now the fastest growing economy and

continues to grow at one of the highest rate in the world. The GDP growth is 7.3 percent in 2014-15 against the last year GDP of 6.9 percent. With the various government policy initiatives including "Make in India" the GDP growth is likely to be higher at 7.9 percent in the current financial year 2015-16.

The guidance for the current year pegs the economy to grow at 7.9 percent but has a down side risk due to deficient monsoon and volatility in currency market and overall situation in China. Global oil prices remain at very reasonable level to the advantage of India. With inflation remaining in control it is expected that the further interest rate moderation will happen in the second half of financial year 2015-16. This will help growth in the industry.

OPPORTUNITIES, THREATS AND BUSINESS OUTLOOK

To cater the domestic and export markets, your Company constantly looks at the opportunities in the sector and expects to continue with its growth momentum.

The last fiscal saw recovery in automotive industry, the primary sector serviced by your Company, witnessed a 7.2 percent growth in domestic sales. The key factors for the growth of industry performance were the decline in fuel prices, softening of interest rate, aggressive discounts, improving consumers sentiments and also new launches by the OEMs.

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

Your Company, with a view to explore opportunities with existing and new customers, has, (a) developed dedicated account teams to focus on specific customers; (b) kept pace with the latest technological developments; (c) adopted quality standards in line with the global standards to meet its commitments; and (d) adopted best practices for global distribution of its products.

Many of the new projects won by your Company in the last year will see start of realization from the 1st and 2nd Quarter which will further improve our sales. We are committed to utilize our current resources optimally while minimizing investment in new capex in this year. We are also working towards lean operations and rationalizing our cost structure.

Exports has always been a focus area for your Company and it is continuously engaging with its global customer to win new programs and launch them as per the customer requirements. In FY 2014-15 new business was added from BMW, GKN, Musashi, Honeywell & Renault. The Company has aligned its strategy to build infrastructure and capability for more complex and bigger parts thus giving more value add to the customers and increasing its segment competitiveness. However sales at CAT USA & Eaton Brazil suffered due to lack of demand of their products and thus our increase in exports with other customers was nullified.

The market in US & Europe is stabilizing and your Company is expected to grow by around 15-20 percent in FY 2015-16. Your Company is working towards leveraging this up trend and has launched critical programs in the 1st quarter which will continue to strengthen its position.

Your Company has strengthened its export orientation with appointment of Sales Representative Company in Europe which will further help us to penetrate the Luxury Car segment like Daimler, Audi, BMW etc. In FY 2014-15 your Company was able to maintain the export sales of Rs.192.64 crores. There are positive signals emerging from NAFTA & European markets and we should be able to catch on and consolidate our position and post healthy growth this year.

In past few years there has been a continuous endeavor to add new products and customers in our portfolio across the globe. Your Company is focusing on certain key value added categories like the Ferrous Differential Cases and Higher Tonnage Aluminum parts like oil pans, transmission housings & covers. Ramp up of newly launched BMW & Renault parts will further help to improve the plant efficiencies. In order to support the last mile operations as well as deliveries your Company has tied up with external agencies for warehousing operations in North Carolina & in Germany. General Motors has also expressed their intent to work with your Company in the export arena again and has already nominated your Company recently for new businesses.

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

SEGMENT WISE PERFORMANCE

The Company is operating mainly in the Auto Components business segment.

FINANCIAL PERFORMANCE

1. Revenue

Gross revenue of Rs.943.90 crores was recorded in the financial year ended 31st March, 2015 as against a revenue of Rs.1041.62 crores in the previous year. The total revenue for the financial year ended 31st March, 2015 includes export revenue of Rs.192.64 crores as against Rs.193.20 crores in the previous year. Your Company due to financial liquidity constraints arising out of underutilized investments in the past 3 years and overall low economic activity during the same period posted 8.3 percent decline in turnover.

2. Profits

The Company has earned Profit before Interest, Depreciation and Tax (PBITD) of Rs.308.35 crores including exceptional profit of Rs.220.94 crores during the financial year ended 31st March, 2015 over the previous year's PBITD of Rs.134.79 crores. The Profit before Tax of Rs.197.16 crores and Profit after Tax of Rs.171.87 crores respectively were recorded over the previous year Profit before Tax of Rs.4.10 crores and Profit after Tax of Rs.2.63 crores.

In order to address the impact of interest rate, material cost, energy cost, availability of power and volatility in foreign exchange, your Company is taking appropriate measures to improve the profitability for a sustained growth.

3. Earning Per Share (EPS)

The Basic and Diluted EPS of Re.1/- paid up share is Rs.12.70 and Rs.12.70 respectively for the financial year ended 31st March, 2015. The previous year's Basic and Diluted EPS was Re.0.19 and Re.0.19 respectively on Re.1/- paid up share.

4. Dividend

During the financial year ended 31st March, 2015, your Company has paid an Interim Dividend @ 100 percent i.e. Re 1/- per Equity Share of Re.1/- each, amounting to Rs.16.23 crores including dividend tax of Rs.2.70 crores which was declared by the Board of Directors on 14th February, 2015 and paid on 13th March, 2015. In addition, your Directors recommended a Final Dividend @ 200 percent i.e. Rs.2/- per Equity Share of Re.1/- each for the financial year 2014-15. If approved, the total dividend (interim and final dividend) will amount to Rs.48.70 crores including dividend tax of Rs.8.11 crores as against a dividend of 10 per cent i.e. Re.0.10 per Equity Share of Re.1/- each aggregating to Rs.1.58 crores including dividend tax of Rs.0.23 crore in the previous year on the same Equity Share Capital. The Dividend paid during the financial year is a one time special dividend out of capital gain on sale of the entire stake in Joint Venture Company namely FCC Rico Limited.

5. Disinvestment/Investment

Your Company sold its entire stake in its Joint Venture Company FCC Rico for Rs.495.00 crores. Your Company made a profit on this sale and ended the year with a PAT of Rs.171.87 crores during the year due to this exceptional item.

During the year, your Company has invested in the equity share capital of a Subsidiary Company namely Rico Investments Limited, a Core Investment Company incorporated on 7th January, 2015 for the purpose of holding strategic investments in the various Group Companies.

Rico Investments Limited has further made investments in its three Subsidiary Companies namely Rico Jinfei Wheels Limited, Rasa Autocom Limited and Rico Aluminium and Ferrous Auto Components Limited.

6. Reserves and Surplus

The reserves of your Company after proposed appropriations shall stand at Rs.428.97 crores as against Rs.308.69 crores in the previous year.

7. Loan Funds

Total debt outstanding as on 31st March, 2015 has decreased to Rs.180.13 crores as against Rs.279.04 crores in the previous year. The ratio of total debts to net worth now stands at 0.47 compared to 0.90 in the previous year.

8. Fixed Assets

Net decrease to gross block has been Rs.377.81 crores during the financial year ended 31st March, 2015, which has decreased the total gross block to Rs.669.35 crores (Refer Note to Balance Sheet for additional details). Net decrease to Plant & Machinery of Rs.366.33 crores comprises 45 percent of the total Plant & Machinery during the year. Ratio of gross sales to gross block has increased from 0.99 times to 1.41 times in the financial year 2014-15. Ratio of net sales to net block has increased from 1.86 times to 2.68 times in the financial year 2014-15. The impact of decrease in gross block will reflect better results by improved ratios. The decrease in gross block is due to the sale of divisions (Plant & Machinery) to the Subsidiary Company as stated in the Directors' Report.

RISKS AND CONCERNS

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

The operations of the Company are directly dependent on the 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.

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

We are fully aware of other risks and are 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.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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. The Company has appointed an independent consultant to suggest the ways and means to further improve and strengthen the internal control system.

HUMAN RESOURCES

At RICO, our people have always been our most valued resource. We support our people with continuous in-house and external training. Our relations with employees are cordial at all Company locations.

There are 2812 employees including 1392 contractual employees in the Company as on 31st March, 2015.

ENVIRONMENT, HEALTH AND SAFETY MANAGEMENT

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. Behavior 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.

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

INFORMATION TECHNOLOGY

RICO is 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.

CAUTIONARY NOTE

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

ANNEXURE TO DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

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

The Company is in compliance with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges and the compliance report for the period from 1st April, 2014 to 31st March, 2015 on the Corporate Governance is given below:

1. COMPOSITION OF BOARD

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

Particulars of Directors of the Company and their directorship in other Companies, Membership/Chairmanship in committees across all Companies in which they are Directors and shareholding in the Company as on 31st March, 2015 are as follows:

Name of the Director & DIN	Category	Number of Committees		Number of other Directorship held#	Share holding as on 31/03/2015
		Membership held#	Chairmanship held#		
Shri Kanwal Monga – 00153473	Independent – Non Executive	1	—	2	Nil
Shri Amarjit Chopra – 00043355	Independent – Non Executive	1	3	2	Nil
Dr. Ashok Seth – 00050540	Independent – Non Executive	—	—	—	25000
Shri Satish Sekhri – 00211478	Independent – Non Executive	4	—	4	1900
Shri Vinod Kumar Nagar – 02487061	Independent – Non Executive	2	—	2	Nil
Shri Rajeev Kapoor – 02051466	Independent – Non Executive	1	—	—	Nil
Shri Rakesh Kapur – 00100359	Non Executive	1	—	9	2398720
Shri Arun Kapur – 00100270	Executive – Jt. Managing Director	1	—	6	8651160
Shri Arvind Kapur – 00096308	Executive – Chairman, CEO & Managing Director	1	—	7	12652460

Excluding Private Limited Companies

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

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.

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	Number of Meetings		Attended Last AGM*
	Held	Attended	
Shri Kanwal Monga	9	7	No
Shri Amarjit Chopra	9	9	Yes
Dr. Ashok Seth	9	5	No
Shri Satish Sekhri	9	7	No
Shri Vinod Kumar Nagar	9	9	No
Shri Rajeev Kapoor	9	8	No
Shri Rakesh Kapur	9	8	Yes
Shri Arun Kapur	9	8	Yes
Shri Arvind Kapur	9	9	Yes

*31st Annual General Meeting (AGM) held on 30th September, 2014 at the Registered Office of the Company.

The Board met nine times during the financial year 2014-15. The meetings were held on 28/05/2014, 11/08/2014, 30/09/2014, 13/11/2014, 08/12/2014, 29/01/2015, 11/02/2015, 14/02/2015 and 18/03/2015. 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.

2. COMMITTEES OF THE BOARD

The Board of Directors have constituted Board 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.

The Board has the following Committees:

A. AUDIT COMMITTEE

Your Company has an Audit Committee since 1996 and is fully operational. The Committee consists of four Non-Executive and Independent Directors. The Chairman is a Chartered Accountant and other being well qualified and experienced in the field of accounting matters, financial reporting and internal controls. The power and role of the Audit Committee is as per guidelines set out in the listing agreement and as prescribed under the Companies Act, 2013. The composition and attendance is as under:

Name of the Director	Position held	Number of Meetings	
		Held	Attended
Shri Amarjit Chopra	Chairman	10	9
Shri Satish Sekhri	Member	10	6
Shri Vinod Kumar Nagar	Member	10	10
Shri Rajeev Kapoor	Member	10	9

The Audit Committee met ten times during the financial year 2014-15. The meetings were held on 28/05/2014, 11/08/2014, 25/08/2014, 12/11/2014, 21/11/2014, 08/12/2014, 29/01/2015, 11/02/2015, 14/02/2015 and 18/03/2015.

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

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

B. NOMINATION AND REMUNERATION COMMITTEE

The Board has renamed the existing Remuneration Committee as "Nomination and Remuneration Committee" to comply with the Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The Nomination and Remuneration Committee has the powers as provided under the Companies Act, 2013 and the Listing Agreement which include amongst others:

- 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.

I) Composition & Attendance

At present, the Nomination and Remuneration Committee consists of four Directors, all being Independent and Non-Executive Directors. The composition and attendance is as under:

Name of the Director	Position held	Number of Meetings	
		Held	Attended
Shri Satish Sekhri	Chairman	2	1
Shri Kanwal Monga	Member	2	2
Shri Amarjit Chopra	Member	2	2
Shri Rajeev Kapoor	Member	2	2

The Nomination and Remuneration Committee met two times during the financial year 2014-15. The meetings were held on 13/11/2014 and 18/03/2015. The Minutes of each Committee Meeting are placed before the Meetings of the Board. The Company Secretary acts as Secretary to the Committee.

II) Remuneration to Directors

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 Board.

Remuneration to 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.

Details of the Remuneration paid to Directors during the year 2014-15 are given below:

(Rupees' 000)

Name of the Director	Sitting Fees	Salary	Perks	Commission*	Total
Shri Kanwal Monga	210	N.A.	N.A.	67	277
Shri Amarjit Chopra	503	N.A.	N.A.	67	570
Dr. Ashok Seth	155	N.A.	N.A.	67	222
Shri Satish Sekhri	370	N.A.	N.A.	67	437
Shri Vinod Kumar Nagar	518	N.A.	N.A.	26	544
Shri Rajeev Kapoor	460	N.A.	N.A.	26	486
Prof. Vinod Kumar Bhalla#	N.A.	N.A.	N.A.	23	23
Shri Rakesh Kapur	260	N.A.	N.A.	67	327
Shri Arun Kapur	N.A.	3581	1219	Nil	4800
Shri Arvind Kapur	N.A.	9861	3600	Nil	13461

*Commission paid for the financial year 2013-2014.

#Prof. Vinod Kumar Bhalla passed away on 6th August, 2013.

III) Remuneration Policy

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.

IV) Stock Option

At present the Company has no stock option plans.

C. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Board has renamed the existing Shareholders/Investors Grievance Committee as "Stakeholders Relationship Committee" consisting 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	3

The Stakeholders Relationship Committee met four times during the financial year 2014-15. The meetings were held on 28/05/2014, 11/08/2014, 12/11/2014 and 11/02/2015. The Committee deals in matters relating to redressing of investors complaints such as non-receipt of shares, non-receipt of dividends etc. and other matters related to shares.

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, 2015 were four. There were no outstanding complaints as on 31st March, 2015.

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	5	5
Shri Vinod Kumar Nagar	Member	5	4
Shri Arun Kapur	Member	5	5
Shri Rakesh Kapur	Member	5	5

The Share Transfer Committee met five times during the financial year 2014-15. The meetings were held on 30/06/2014, 11/08/2014, 13/11/2014, 08/12/2014 and 28/01/2015. 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 Meeting 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 11/02/2015 during the financial year 2014-15. The composition and attendance is as under:

Name of the Director	Position held	Number of Meetings	
		Held	Attended
Shri Rajeev Kapoor	Chairman	1	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 Meeting are placed before the meeting of the Board. The Company Secretary acts as Secretary to the Committee. The Company has CSR Policy which is available at Company website. The CSR Report for the financial year 2014-15 is annexed with the Directors' Report.

3. DETAILS OF GENERAL BODY MEETINGS

Financial Year	Type of Meeting	Location of Meeting	Date	Time
2011-2012	29 th Annual General Meeting	Registered Office	29/09/2012	12.00 Noon
2012-2013	30 th Annual General Meeting	– do –	30/09/2013	12.00 Noon
2013-2014	31 st Annual General Meeting	– do –	30/09/2014	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:

29th AGM (29/09/2012)

1. Approval for payment of remuneration to Shri Arun Kapur, Joint Managing Director of the Company for three years w.e.f. 01/04/2012 to 31/03/2015.

30th AGM (30/09/2013)

1. No Special Resolutions were 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.

Postal Ballot

At the ensuing Annual General Meeting there is no Resolution proposed to be passed through Postal Ballot. During the year 2014-15, the shareholders as per the Postal Ballot Notice dated 29th January, 2015 passed the following Special Resolutions:

1. Sale of Investments held by the Company
2. Sale of Divisions of the Company
3. Re-appointment of Shri Arvind Kapur (DIN:00096308) as Chairman, CEO & Managing Director and payment of Remuneration.

The details of Postal Ballot procedure and voting process are as under:

The Company had appointed Shri K.K. Sachdeva, Practicing Company Secretary (CP No.4721, FCS No.7153) as Scrutinizer to conduct the Postal Ballot process (including e-voting) in a fair and transparent manner and based on his report dated 13th March, 2015, the results of Postal Ballot (including e-voting) were announced on 14th March, 2015 at the Registered Office of the Company. The details of results of Postal Ballot (including e-voting) are as under:

Total No. of shareholders to whom Postal Ballot (including e-voting) Form(s) sent: 38,185

Special Resolution No.1: Sale of Investments held by the Company

Sl. No.	Particulars	Physical	Electronic	Total
1.	Total number of votes casted	77202233	484093	77686326
2.	Less: Invalid number of votes casted	3051	0	3051
3.	Valid number of votes casted	77199182	484093	77683275
4.	Total number of votes with assent for the Resolution	77198141	473835	77671976
5.	Total number of votes with dissent for the Resolution	1041	10258	11299

Total votes casted in favour of Resolution : 99.99 percent

Total votes casted against the Resolution : 0.01 percent

Special Resolution No. 2 : Sale of Divisions of the Company

Sl. No.	Particulars	Physical	Electronic	Total
1.	Total number of votes casted	77202333	426667	77629000
2.	Less: Invalid number of votes casted	3051	0	3051
3.	Valid number of votes casted	77199282	426667	77625949
4.	Total number of votes with assent for the Resolution	77198121	354360	77552481
5.	Total number of votes with dissent for the Resolution	1161	72307	73468

Total votes casted in favour of Resolution : 99.91 percent

Total votes casted against the Resolution : 0.09 percent

Special Resolution No.3: Re-Appointment of Shri Arvind Kapur (DIN:00096308) as Chairman, CEO & Managing Director and Payment of Remuneration

Sl. No.	Particulars	Physical	Electronic	Total
1.	Total number of votes casted	77197923	484343	77682266
2.	Less: Invalid number of votes casted	3051	0	3051
3.	Valid number of votes casted	77194872	484343	77679215
4.	Total number of votes with assent for the Resolution	77188227	472044	77660271
5.	Total number of votes with dissent for the Resolution	6645	12299	18944

Total votes casted in favour of Resolution : 99.98 percent

Total votes casted against the Resolution : 0.02 percent

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.

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.

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 www.ricoauto.com. 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 2014-15, no Preferential Issue was made.

vii) **Management Discussion and Analysis:**

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

viii) **Compliance with Mandatory Requirements:**

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 Clause 49 of the Listing Agreement 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 www.ricoauto.com. A half-yearly declaration of financial performance including summary of significant events is presently not being sent to each household of shareholders.

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.

5. MEANS OF COMMUNICATION

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

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

ii) Quarterly/Annual Results and Shareholding Pattern are displayed on Company's website at www.ricoauto.com 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 Shareholder Information section forms part of the Report.

6. RECONCILIATION OF SHARE CAPITAL AUDIT REPORT

Shri K.K. Sachdeva, Practicing Company Secretary (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, 2015 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 shall consider 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 as per requirements of the Listing Agreement.

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 www.ricoauto.com. The code has been circulated to all the Directors and Senior Management.

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

I hereby confirm that:

The Company has obtained from all the Board Members and Senior Management personnel, affirmation that they have complied with the Code of Conduct for Board Members and Senior Management in respect of the financial year ended 31st March, 2015.

Arvind Kapur
Chairman,
Chief Executive Officer &
Managing Director

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, 2015 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, 2015 are fraudulent, illegal or violative of the Company's code of conduct.
- c) We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Company's Auditors and the Audit Committee that there are no deficiencies in the design or operation of internal controls.
- d) We have indicated to the Auditors and the Audit Committee:
 - i) that there has not been any significant changes in internal control over financial reporting during the year under report;
 - ii) that there has not been any significant changes in accounting policies during the year which required disclosure in the notes to the financial statements; and
 - iii) that we are not aware of any instances during the year under report of any fraud with involvement therein, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Arvind Kapur
Chairman,
Chief Executive Officer &
Managing Director

Sanjay Syal
Chief Financial Officer

Place : Gurgaon
Date : 28th May, 2015

GENERAL SHAREHOLDERS' INFORMATION

1. **Annual General Meeting**
 - Date and Time : 29th September, 2015 at 12.00 Noon
 - Venue : Registered Office
69 KM Stone, Delhi-Jaipur Highway, Dharuhera,
Distt. Rewari - 122106 (Haryana) India

2. **Financial Calendar**
 - Financial Year : 1st April to 31st March

For the year 2014-15, Results were announced on

 - First quarter ended June 30, 2014 : August 11, 2014
 - Second quarter and half year ended September 30, 2014 : November 13, 2014
 - Third quarter ended December 31, 2014 : February 11, 2015
 - Fourth quarter and year ended March 31, 2015 : May 28, 2015

For the year 2015-16, Results will be announced on (Tentative)

 - First quarter ended June 30, 2015 (announced) : August 12, 2015
 - Second quarter and half year ending September 30, 2015 : November, 2015
 - Third quarter ending December 31, 2015 : February, 2016
 - Fourth quarter and year ending March 31, 2016 : May, 2016

3. **Dates of Book Closure** : 23rd September, 2015 to 29th September, 2015
(both days inclusive).

4. **Dividend Payment Date** : Final Dividend @ Rs.2/- per share would be paid within
30 days of declaration by the shareholders in the
Annual General Meeting.

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

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

7. **Plant Locations** :
 - Dharuhera Plant**
69 KM Stone, Delhi-Jaipur Highway
Dharuhera, Distt. Rewari – 122106 (Haryana) India
 - Gurgaon Plant**
38 KM Stone, Delhi-Jaipur Highway
Gurgaon – 122001 (Haryana) India
 - Haridwar Plant**
Plot No.1, Industrial Park IV, Village Begumpur,
Distt. Haridwar (Uttarakhand) India
 - Sanand Plant**
Plot No.D2, Tata Motors Vendor Park, Village Sanand,
P.O. Viroch Nagar, Ahmedabad – 382170 (Gujarat) India
 - Bawal Plant**
Plot No.23, Sector 5, Industrial Estate, Phase-II,
G.C. Bawal, (Haryana) India
 - Chennai Plant**
Plot No.A9, SIPCOT Industrial Growth,
Centre, Oragadam, Sriperumbudur
Taluk, Kancheepuram Distt.- 602105

8. Share Transfer System

Physical

The transfer, transmission, remat, split of share certificate and issue of duplicate share certificate are approved by the Share Transfer Committee. This Committee normally meets as and when required to complete the transfer related works within the stipulated period. The shares 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. In Compliance with the Listing Agreement, a Certificate from Shri K.K. Sachdeva, Practicing Company Secretary (CP No.4721, FCS No.7153) is being obtained half yearly that all the shares received by the Company for transfer, split and replacement have been duly transferred, splitted and replaced and issued by the Company within the period stipulated under the Listing Agreement.

Demat

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

9. Listing and Stock Codes

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

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

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 March 31, 2015

Segment	No. of Shareholders	% of Shareholders	No. of shares	% of Shareholding
Physical	1263	3.30	775101	0.57
Demat	37065	96.70	134509899	99.43
Total	38328	100.00	135285000	100.00

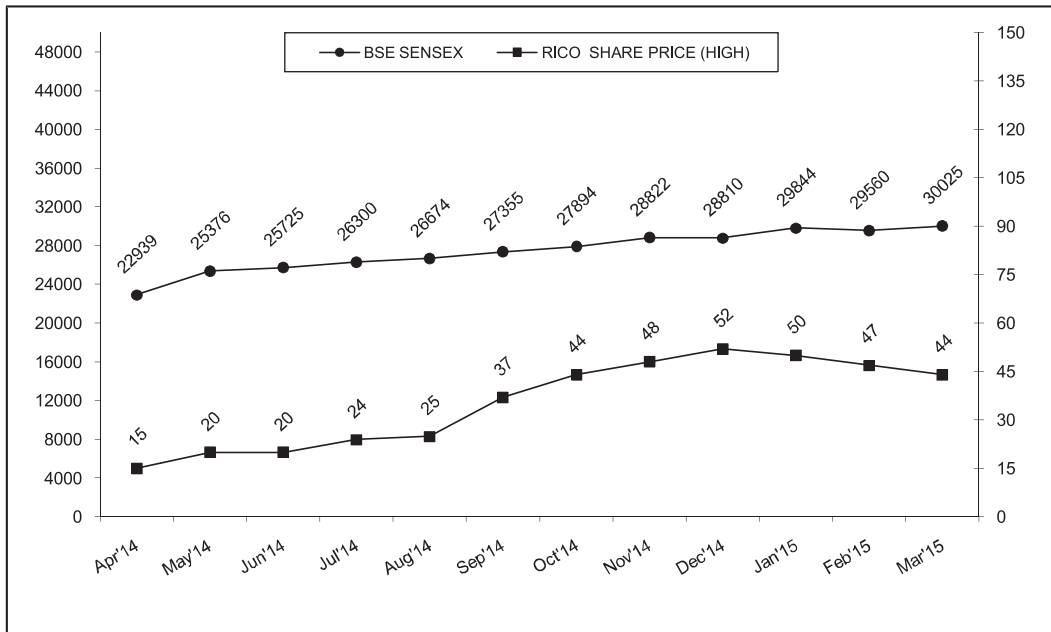
11. Stock Market Data

The closing price as on 31st March, 2015 of the Equity Shares at BSE and NSE is Rs.43.30 & Rs.43.45 respectively. Monthly high & low price and volume of Shares of Re. 1/- each traded at BSE and NSE for 2014-15 are as under:

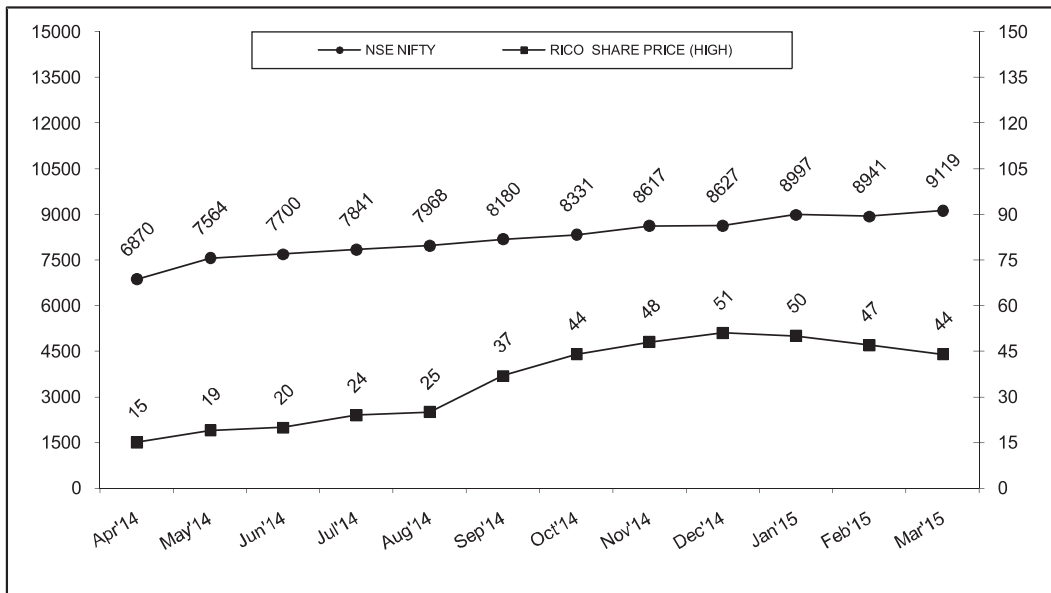
Month/Year	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	High (Rs.)	Low (Rs.)	Volume of Shares Traded	High (Rs.)	Low (Rs.)	Volume of Shares Traded
April, 2014	14.90	10.80	1787378	14.95	10.40	4689528
May, 2014	19.50	12.15	2230836	19.35	12.20	5351267
June, 2014	19.75	15.60	2868381	19.75	15.50	6800079
July, 2014	23.85	15.20	5226996	23.90	14.60	10660324
August, 2014	25.25	20.40	2701954	25.30	20.25	7031999
September, 2014	37.05	22.55	12064596	37.05	22.60	26570928
October, 2014	44.10	30.65	9521505	44.10	30.65	20826625
November, 2014	48.25	40.25	6937801	48.20	40.25	17864956
December, 2014	51.50	38.90	10241325	51.35	38.90	21756848
January, 2015	50.00	42.55	4499175	49.90	42.45	11922009
February, 2015	46.90	39.15	2657478	46.90	39.10	7170577
March, 2015	44.10	35.80	5396326	44.10	35.85	12041965

12. Stock Performance of Rico Auto Industries Limited Vs. Stock Exchange indices

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



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



13. Distribution of Shareholding as on March 31, 2015

No. of Equity Shares held	No. of Shareholders	Percent of Shareholders	No. of Shares	Percent of Shareholding
1 – 5000	36935	96.37	18111667	13.39
5001 – 10000	696	1.82	5320561	3.93
10001 – 20000	299	0.78	4421460	3.27
20001 – 30000	129	0.34	3241126	2.39
30001 – 40000	69	0.18	2457076	1.82
40001 – 50000	48	0.12	2246701	1.66
50001 – 100000	66	0.17	4804480	3.55
100001 & above	86	0.22	94681929	69.99
Total	38328	100.00	135285000	100.00

14. Shareholding Pattern as on March 31, 2015

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	3700237	–	3700237	2.74
Financial Institutions/Banks	127080	–	127080	0.09
Foreign Institutional Investors	2284909	–	2284909	1.69
Bodies Corporate	9521936	40000	9561936	7.07
NRI	2515972	–	2515972	1.86
Co-operative Societies	13000	–	13000	0.01
Trusts & Foundations	2000	–	2000	0.00
Indian Public	48564787	735101	49299888	36.44
Total	134509899	775101	135285000	100.00

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

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

16. Unclaimed Dividends

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956 the amount of dividend which remains unpaid/unclaimed for a period of 7 years is transferred to the “Investor Education and Protection Fund” (IEPF), constituted by the Central Government and member(s) would not be able to claim any amount of dividend so transferred to IEPF. As such, member(s) who have not yet encashed his/their dividend warrant(s) is/are requested in his/their own interest to write to the Company for claiming outstanding dividend declared by the Company. The amount of unpaid or unclaimed dividend relating to the financial year ended 31st March, 1995 to 31st March, 2007 have already been transferred to the Investor Education and Protection Fund (IEPF).

Date of Transferring Unclaimed Dividend to the Central Government

Year	Rate of Dividend (percent)	Date of Declaration	Due date for transfer to IEPF
2008	Final – 60	30/09/2008	30/10/2015
2009	Final – 15	30/09/2009	30/10/2016
2010	Final – 15	30/09/2010	30/10/2017
2011	Final – 20	30/09/2011	30/10/2018
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	14/02/2022

Unclaimed Dividend as on March 31, 2015

Year	Rate of Dividend percent	No. of Warrants issued	Amount of Dividend (Rs.)	Amount of Unclaimed Dividend (Rs.)	Unclaimed Dividend (percent)
2008	Final – 60	51888	75351000.00	871039.20	1.15
2009	Final – 15	50117	18837750.00	269227.65	1.43
2010	Final – 15	50925	19328250.00	292268.10	1.51
2011	Final – 20	54441	27057000.00	409991.60	1.51
2012	Final – 15	52225	20292750.00	330655.85	1.63
2013	Final – 15	42173	20292750.00	430146.00	2.12
2014	Final – 10	37426	13528500.00	300039.40	2.22
2015	Interim – 100	38399	135285000.00	3340445.00	2.47

17. Unclaimed Shares Suspense Account

In terms of Clause 5A of the Listing Agreement, 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 status of equity shares lying in the Unclaimed Suspense Account being maintained with ICICI Bank is as under:

Balance as on 01/04/2014		No. of Shareholders who approached the Company for Transfer of Shares and Shares transferred from Unclaimed Suspense Account during the year		Closing Balance as on 31/03/2015	
No. of Holders	No. of Shares	No. of Holders	No. of Shares	No. of Holders	No. of Shares
6589	1516740	23	12460	6566	1504280

The voting rights on the shares in the Unclaimed Suspense Account as on 31st March, 2015 shall remain frozen till the rightful owners of such shares claim the shares.

18. National Electronic Clearing Service (NECS) Facility

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

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

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 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 Limited
F-65, Okhla Industrial Area, Phase I
New Delhi - 110020, India
Tel: (011) 41406149, Fax: (011) 41709881
E-mail: admin@mcsdel.com |
| ii) | Any queries relating to the Financial Statements of the Company | : | Shri 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
Rico Auto Industries Limited
38 KM Stone, Delhi-Jaipur Highway
Gurgaon - 122001 (Haryana) India
Tel: (91)(0124) 2824221, 2824000
Fax: (91)(0124) 2824200
E-mail: bmjhamb@ricoauto.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, 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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

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

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

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

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

Place : Gurgaon
Date : 12th August, 2015

K K Sachdeva
Proprietor
FCS No. 7153, CP No. 4721

ANNEXURE TO DIRECTORS' REPORT

THE ANNUAL REPORT ON CSR ACTIVITIES

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 of the Company for last three financial years

Rs.5.13 crores (on the basis of financial years 2011-12, 2012-13 and 2013-14).

4. Prescribed CSR Expenditure

Two percent of the amount as in item 3 above – Rs. 10.00 lacs.

5. Details of CSR Expenditure spent during the financial year 2014-15

- i) Total Amount to be spent for the financial year: Rs.10.00 lacs
- ii) Amount unspent : Nil
- iii) The manner in which the amount spent during the financial year is detailed below:

(Rs. in lacs)

Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Project or Program (1) Local Area or other (2) Specify the State and the district where the projects or program was undertaken	Amount Outlay (Budgeted)	Amount spent on the projects	Cumulative expenditure upto the reporting period	Amount spent Direct or Through implementing agency
1.	Construction of the Hall at the School Campus	Promoting education among children	Local Area (Gurgaon)	11.00	11.00	11.00	11.00 (Direct)

6. Details of Implementing Agency

The Company has not appointed any implementing agency.

7. Reasons for not spending the amount

The Company has spent the money as required 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

Rajeev Kapoor
Chairman – CSR Committee

Place : Gurgaon
Date : 12th August, 2015

ANNEXURE TO DIRECTORS' REPORT

FORM NO. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2015

[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 K M 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, 2015 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, 2015 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) 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;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines to the extent applicable as mentioned above.

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:

- i) The Factories Act, 1948;
- ii) The Petroleum Act, 1934 and the rules made thereunder;
- iii) The Environment Protection Act, 1986 and the rules made thereunder;
- iv) The Water (Prevention and Control of Pollution) Act, 1974 and the rules made thereunder; and
- v) The Air (Prevention and Control of Pollution) Act, 1981 and the rules made thereunder.

We further report that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated laws.

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

- i) Secretarial Standards issued by the Institute of Company Secretaries of India. **(Not applicable for the financial year 2014-15)**
- ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors **except the Company has not appointed Woman Director in compliance with Section 149 of the Companies Act, 2013 till 31st March, 2015.**

Adequate notice is given to all Directors to schedule the Board Meetings, Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions of the Board were carried out through unanimous consent during the audit period.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the financial year 2014-15,

- i) The Company sold its entire shareholding in the Joint Venture Company namely FCC Rico Limited and consequently it ceased to be Joint Venture Company.
- ii) The Company incorporated Rico Investments Limited, a Core Investment Company as its Subsidiary Company.

We further report that during the audit period the Company has passed following special resolutions by way of:

- i) Approval of Shareholders in Annual General Meeting held on 30th September, 2014:
 - a) To borrow any sum or sums of money in excess of the paid up capital of the Company and its free reserves, not exceeding Rs.900.00 crores (Rupees Nine hundred crores only) under Section 180 (1)(c) of the Companies Act, 2013.
 - b) To create mortgage on the Company's movable and/or immovable properties for an amount not exceeding Rs.900.00 crores (Rupees Nine hundred crores only) under Section 180 (1)(a) of the Companies Act, 2013.
- ii) Approval of Shareholders through Postal Ballot on 14th March, 2015 in the following matters:
 - a) Special Resolution authorizing the Board of Directors to sell investments held in Subsidiary Companies namely Rico Jinfei Wheels Limited, Rasa Autocom Limited and Rico Aluminium and Ferrous Auto Components Limited (formerly RAA Autocom Limited) to its Subsidiary Company namely Rico Investments Limited.
 - b) Special Resolution authorizing the Board of Directors to sell divisions namely ferrous based auto components located at Gurgaon and Manesar and aluminium based auto components located at Sanand, Gujarat to Rico Aluminium and Ferrous Auto Components Limited by way of Slump Sale for lump sum agreed consideration.
 - c) Re-appointment of Shri Arvind Kapur (DIN: 00096308) as Chairman, CEO and Managing Director and Payment of Remuneration.

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

K.K. Sachdeva
Proprietor

FCS No. 7153, CP No. 4721

Place : Gurgaon
Date : 12th August, 2015

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 also 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.

5.1.2 Commission

- a) Executive Directors will be allowed remuneration, by way of commission which is in addition to the basic salary, perquisites and any other allowances, benefits and amenities;
- b) Subject to the condition that the amount of commission shall not exceed the overall limits of 5% of net profit of the Company in a particular financial year in the manner referred in Section 197 & 198 of the Act; and
- c) The amount of commission shall be paid subject to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors.

5.1.3 Perquisites and Allowances

Perquisites and Allowances would also form a part of the remuneration structure.

5.1.4 Contribution to Provident and Other funds:

In addition to the above, the remuneration would also include:

- a) Contribution to Provident and Superannuation Funds; and
- b) Gratuity.

5.1.5 Minimum Remuneration

If in any financial year during the tenure of the Executive Directors, the Company has no profits or its profits are inadequate, they shall be entitled to, by way of basic salary, perquisites, allowances, not exceeding the ceiling limit specified under Schedule V of the Act or such other limits as prescribed by the Government from time to time as minimum remuneration, subject to necessary approval, if any.

5.1.6 Remuneration to Non-Executive and Independent Directors

The Non-Executive and Independent Directors would be paid remuneration by way of sitting fees for attending meetings of Board or Committee thereof and profit related commission as approved by the Board and Shareholders. The amount of such sitting fees and commission shall be subject to ceiling/limits as provided under the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

6. Remuneration for Key Managerial Personnel, Senior Management and Other Employees

(i) Key Managerial Personnel (KMP) and Senior Management

The Remuneration shall be paid to Senior Management Personnel and KMPs shall be based on the remuneration policy of the Company and the experience, qualification and expertise of the related personnel and shall be decided by the Chairman, CEO & Managing Director (for KMPs other than those who are at the WTD/Board level) of the Company as per the internal process in consonance with the limits, if any, prescribed under the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

The compensation for the Key Managerial Personnel and the Senior Management of the Company would be guided by the external competitiveness and internal parity through annual benchmarking surveys.

(ii) Other Employees

The power to decide structure of remuneration for other employees has been designed in the Remuneration Policy and implementation of the same is to be ensured by the Chairman, CEO & Managing Director of the Company or any other personnel that the Chairman, CEO & Managing Director may deem fit to delegate.

7. Grade Structure

Employees are assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the Company. Individual remuneration is determined within the appropriate grade and is based on following:

- An individual's experience, skill, competencies and knowledge relevant to the job; and
- An individual's performance and potential contribution to the Company.

8. Disclosure

The Policy shall be disclosed as required under the Companies Act, 2013 and in the Listing Agreement.

9. Amendments to the Policy and Policy Review

9.1 This Policy is framed pursuant to the provisions of the Act. In case of any subsequent changes in the provisions of the Act and rules thereunder or any other regulations which makes any of the provisions in the Policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over this Policy and the provisions in this Policy would be modified in due course to make it consistent with applicable provisions of the law.

9.2 Any changes or modification on the Policy as recommended by the Nomination and Remuneration Committee would be placed before the Board of Directors of the Company for their approval.

9.3 The Board of Directors of the Company may, subject to the applicable law, is entitled to amend, modify, suspend or rescind this Policy, at any time.

9.4 Any ambiguities, interpretative issues, difficulties will be resolved by the Board of Directors of the Company in line with the broad intent of this Policy read with the applicable provisions of the Act, rules and regulations made thereunder and the listing agreement.

ANNEXURE TO DIRECTORS' REPORT

FORM NO. MGT – 9 EXTRACT OF ANNUAL RETURN AS ON FINANCIAL YEAR ENDED 31st MARCH, 2015

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 K.M. 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 Bombay Stock Exchange (BSE), National Stock Exchange (NSE)
vii) Name, Address & Contact details of the Registrar & Transfer Agent, if any	: MCS Limited F-65, 1st Floor, Okhla Industrial Area, Phase – I, New Delhi – 110020 Phone: 011–41406149 Fax: 011–41709881 Email: admin@mcsdel.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	12.92
2.	Crank Case	29301	10.76

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 K.M. Stone, Delhi-Jaipur Highway, Khandsa, Gurgaon-122001, Haryana	U29253HR2007PLC036910	Subsidiary	100	Section 2(87)
2.	AAN Engineering Industries Limited 38 K.M. Stone, Delhi-Jaipur Highway, Khandsa, Gurgaon-122001, Haryana	U28112HR2010PLC039941	Subsidiary	100	Section 2(87)
3.	Rico Investments Limited 38 K.M. 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) Ltd. 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 Ltd., 38 K.M. Stone, Delhi-Jaipur Highway, Khandsa, Gurgaon-122001, Haryana	U74120HR2007PLC037192	Step-down Subsidiary	100	Section 2(87)

7.	Rico Jinfei Wheels Limited C/o Rico Auto Industries Ltd., 38 K.M. Stone, Delhi-Jaipur Highway, Khandsa, Gurgaon-122001, Haryana	U34200HR2007PLC037021	Step-down Subsidiary	93.49	Section 2(87)
8.	Rico Aluminium and Ferrous Auto Components Limited (formerly known as RAA Autocom Limited) 38 K.M. Stone, Delhi-Jaipur Highway, Khandsa, Gurgaon-122001, Haryana	U34300HR2008PLC037956	Step-down Subsidiary	100	Section 2(87)
9.	Magna Rico Powertrain Private Limited C/o Rico Auto Industries Ltd., 38 K.M. Stone, Delhi-Jaipur Highway, Khandsa, Gurgaon-122001, Haryana	U29110HR2008PTC037708	Joint Venture	50	Section 2(6)

IV. SHAREHOLDING PATTERN (Equity Share Capital Break up as % to total Equity)

i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (1 st April, 2014)				No. of Shares held at the end of the year (31 st March, 2015)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a) Individual/HUF	27501188	0	27501188	20.328	27501188	0	27501188	20.328	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	0	0	0	0.000	3700237	0	3700237	2.735	2.735
b) Banks/FI	5000	0	5000	0.004	127080	0	127080	0.094	0.090
c) Central 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) FIs	0	0	0	0.000	2284909	0	2284909	1.689	1.690
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)	5000	0	5000	0.004	6112226	0	6112226	4.518	4.515
2. Non Institutions									
a) Bodies Corporate									
i) Indian	8203370	40000	8243370	6.093	9521936	40000	9561936	7.068	0.975
ii) Overseas	0	0	0	0.000	0	0	0	0.000	0.000
b) Individuals									
i) Holding shares upto Rs.1 lakh	35877726	800924	36678650	27.112	33943155	735101	34678256	25.633	-1.479
ii) Holding shares above Rs.1 lakh	19040000	0	19040000	14.074	14621632	0	14621632	10.808	-3.266
c) Others (specify)									
i) Non Resident Individual	3536002	0	3536002	2.614	2515972	0	2515972	1.860	-0.754
ii) Trust & Foundations	2000	0	2000	0.001	2000	0	2000	0.001	0.000
iii) Cooperative Societies	0	0	0	0.000	13000	0	13000	0.010	0.010
SUB TOTAL (B)(2)	66659098	840924	67500022	49.895	60617695	775101	61392796	45.380	-4.515
Total Public Shareholding (B)= (B)(1)+(B)(2)	66664098	840924	67505022	49.898	66729921	775101	67505022	49.898	0.000
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	134444076	840924	135285000	100.000	134509899	775101	135285000	100.000	0.000

ii) Shareholding of Promoters

Sl. No.	Shareholders Name	Shareholding at the beginning of the year (1 st April, 2014)			Shareholding at the end of the year (31 st March, 2015)			% 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	8.685	12652460	9.352	0.00	0.00
2.	Arun Kapur	8651160	6.395	5.913	8651160	6.395	0.00	0.00
3.	Rakesh Kapur	2398720	1.773	0.185	2398720	1.773	0.00	0.00
4.	Shalini Kapur	986180	0.729	0.00	986180	0.729	0.00	0.00
5.	Upasna Kapur	965920	0.714	0.00	965920	0.714	0.00	0.00
6.	Ritu Kapur	723140	0.535	0.00	723140	0.535	0.00	0.00
7.	Shikha Kapur	379968	0.281	0.00	379968	0.281	0.00	0.00
8.	Nyla Kapur	354040	0.262	0.00	354040	0.262	0.00	0.00
9.	Samarth Kapur	194800	0.144	0.00	194800	0.144	0.00	0.00
10.	Shivani Kapur	189800	0.140	0.00	189800	0.140	0.00	0.00
11.	Suhail Kapur	1000	0.001	0.00	1000	0.001	0.00	0.00
12.	Romilla Bahl	79000	0.058	0.00	79000	0.058	0.00	0.00
13.	Promilla Sikka	4000	0.003	0.00	4000	0.003	0.00	0.00
14.	Kapsons Associates Investments Private Limited	38917050	28.767	20.254	38917050	28.767	11.383	0.00
15.	Rico Castings Limited	1256100	0.928	0.00	1256100	0.928	0.00	0.00
16.	Higain Investments Private Limited	26640	0.020	0.00	26640	0.020	0.00	0.00
TOTAL		67779978	50.102	35.037	67779978	50.102	11.383	0.00

iii) Change in Promoters' Shareholding (Specify if there is no change) : No Change

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & holders of GDRs & ADRs)

Sl. No.	Name of Shareholders	Shareholding at the beginning of the year (1 st April, 2014)		Change in Shareholding during the year		Cumulative Shareholding during the year (31 st March, 2015)	
		No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
1.	Ashish Dhawan	7273092	5.376	7273092	5.376	0	0.000
2.	Nemish S Shah	2901900	2.145	0	0.000	2901900	2.145
3.	Panna Bankim	1236037	0.914	0	0.000	1236037	0.914
4.	Sameer Chandraknat Thacker	652058	0.482	49058	0.036	603000	0.446
5.	Amit Dilip Shah	585000	0.432	256527	0.190	328473	0.243
6.	Karma Capital Advisors Private Ltd.	500000	0.370	52100	0.039	447900	0.331
7.	Haresh Shantichand Jhaveri	490000	0.362	490000	0.362	0	0.000
8.	Shashank S Khade	463645	0.343	273645	0.202	190000	0.140
9.	Laxmichand Kunverji Kenia	374695	0.277	4695	0.003	370000	0.273
10.	Bela Amit Shah	345000	0.255	150627	0.111	194373	0.144
11.	Tarra Fund	0	0.000	2114858	1.563	2114858	1.563
12.	Reliance Capital Trustee Co. Ltd. – a/c. Reliance Small Cap Fund	0	0.000	2000000	1.478	2000000	1.478
13.	Zafar Ahmadullah	0	0.000	1250000	0.924	1250000	0.924
14.	Reliance Capital Trustee Co. Ltd. – a/c. Reliance Regular Savings Fund – Balanced Option	0	0.000	1005376	0.743	1005376	0.743
15.	ZA Capital Services India Private Ltd.	0	0.000	638407	0.472	638407	0.472
16.	Reliance Capital Trustee Co. Ltd. – Reliance Retirement Fund – Income Generation Scheme	0	0.000	600000	0.444	600000	0.444

Note: The above details are given as on 31st March, 2015. The Company is listed and 99.44% shareholding is in dematerialized form. Hence, it is not feasible to track movement of shares on daily basis. The aforesaid holdings by top ten shareholders is due to market operations.

v) Shareholding of Directors and Key Managerial Personnel (KMP)

Sl. No.	Name of the Directors and KMP	Shareholding at the beginning of the year (1 st April, 2014)		Cumulative Shareholding during the year (31 st March, 2015)	
		No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
1.	Shri Arvind Kapur, Chairman, CEO & MD				
	At the beginning of the year	12652460	9.352	12652460	9.352
	Date wise increase/decrease in Promoters Share holding 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 Share holding 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 Share holding 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	2398720	1.773	2398720	1.773
4.	Dr. Ashok Seth, Director				
	At the beginning of the year	25000	0.018	25000	0.018
	Date wise increase/decrease in Promoters Share holding 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
5.	Shri Satish Sekhri, Director				
	At the beginning of the year	1501	0.001	1501	0.001
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc.)	Purchase 2000 Sold 1601	0.001 0.001	3501 1900	0.001 0.001
	At the end of the year	1900	0.001	1900	0.001
6.	Shri O.P. Aggarwal, Chief Financial Officer (upto 31/03/2015)				
	At the beginning of the year	140	0.000	140	0.000
	Date wise increase/decrease in Promoters Share holding 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	140	0.000	140	0.000
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 Share holding 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

Note: Shri Kanwal Monga, Shri Amarjit Chopra, Shri Vinod Kumar Nagar and Shri Rajeev Kapoor, Directors of the Company did not hold any Shares of the Company.

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
Indebtedness at the beginning of the Financial year				
i) Principal Amount	2677016281.06	113274689.49	—	2790290970.55
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	15670401.16	—	—	15670401.16
Total (i+ii+iii)	2692686682.22	113274689.49	—	2805961371.71
Change in Indebtedness during the Financial Year				
Additions	2574021485.79	7025000.00	—	2581046485.79
Reduction	3456685907.37	113274689.49	—	3569960596.86
Net Change	(882664421.58)	(106249689.49)	—	(988914111.07)
Indebtedness at the end of the Financial Year				
i) Principal Amount	1794351859.48	7025000.00	—	1801376859.48
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	6797995.01	—	—	6797995.01
Total (i+ii+iii)	1801149854.49	7025000.00	—	1808174854.49

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration 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	9860803.00	3582899.00	13443702.00
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	1455576.00	468880.00	1924456.00
	c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	—	—	—
2.	Stock option	—	—	—
3.	Sweat Equity	—	—	—
4.	Commission	—	—	—
	— as % of profit	—	—	—
	— others (specify)	—	—	—
5.	Others	—	—	—
	Total (A)	11316379.00	4051779.00	15368158.00
	Ceiling as per the Act	Due to inadequacy of profit, Remuneration is being paid with the approval of Shareholders and Central Government	Remuneration is being paid with the approval of Shareholders and as per Schedule V of the Companies Act, 2013	

B. Remuneration to other Directors:

(Amount in Rs.)

Sl. No.	Particulars	Particulars of Remuneration			Total Amount
		Fee for attending Board/Committee Meetings (a)	Commission** (b)	Others, please specify (c)	
1.	Independent Directors				
	i) Shri Kanwal Monga	210000.00	66991.00	—	276991.00
	ii) Shri Amarjit Chopra	503000.00	66991.00	—	569991.00
	iii) Dr. Ashok Seth	155000.00	66991.00	—	221991.00
	iv) Shri Satish Sekhri	370000.00	66991.00	—	436991.00
	v) Shri Vinod Kumar Nagar	518000.00	25512.00	—	543512.00
	vi) Shri Rajeev Kapoor	460000.00	25512.00	—	485512.00
	vii) Prof. Vinod Kumar Bhalla*	—	23312.00	—	23312.00
	Total (1)	2216000.00	342300.00	—	2558300.00
2.	Non-Executive Directors				
	i) Shri Rakesh Kapur	260000.00	66991.00	—	326991.00
	Total (2)	260000.00	66991.00	—	326991.00
	Total (B)=(1+2)				2885291.00
	Total Managerial Remuneration (A+B)				18253449.00
	Overall Ceiling as per the Act	1. The Company during the financial year paid sitting fees to other Directors and amount of sitting fees are within the maximum prescribed limits. 2. In case of MD, Remuneration is being paid with the approval of Shareholders and Central Government. Further, in case of JMD, Remuneration is being paid with the approval of Shareholders and as per Schedule V of the Companies Act, 2013.			

* Prof. Vinod Kumar Bhalla passed away on 6th August, 2013.

** The Commission pertains to the financial year 2013-14 which was paid in the financial year 2014-15.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Shri O.P. Aggarwal Chief Financial Officer (upto 31/03/2015)	Shri B.M. Jhamb Company Secretary	
1.	Gross Salary			
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	7314768	2280018	9594786
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	527212	32400	559612
	c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	—	—	—
2.	Stock option	—	—	—
3.	Sweat Equity	—	—	—
4.	Commission	—	—	—
	— as % of profit	—	—	—
	— others (specify)	—	—	—
5.	Others	—	—	—
	Total (A)	7841980	2312418	10154398

VII. PENALTIES /PUNISHMENT/COMPOUNDING OF OFFENCES

There were no penalties/punishment/compounding of offences for breach of any section of the Companies Act against the Company or its Directors or other Officers during the financial year 2014-15.

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:

Name of Directors	Ratio to Median Remuneration
Shri Arvind Kapur, Chairman, CEO & MD	36.68
Shri Arun Kapur, Joint Managing Director	13.08

All the Non-Executive Directors of the Company were paid sitting fees for attending the meetings of the Board and its Committees.

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:

Name of Directors/KMP and Designation	% age increase in Remuneration
Shri Arvind Kapur, Chairman, CEO & MD	—
Shri Arun Kapur, Joint Managing Director	—
Shri O.P. Aggarwal, Chief Financial Officer (upto 31/03/2015)	—
Shri B.M. Jhamb, Company Secretary	5.00

3. The percentage of increase in the median remuneration of employees in the financial year: 7.5%

4. The number of permanent employees on the roll of Company: 1420

5. The explanation on the relationship between average increase in remuneration and Company performance:

The increase in remuneration is not solely based on Company performance but also includes various other factors like individual performance vis-à-vis individual KRAs set and achieved, industry trends, economic situation, future growth prospects etc.

6. Comparison of the remuneration of Key Managerial Personnel against the performance of the Company:

Particulars	Rs. in Crores
Remuneration of Key Managerial Personnel (KMP) during the financial year 2014-15 (aggregated)	2.96*
Revenue from Operations	943.90
Remuneration (as %age of revenue)	0.31
Profit Before Tax (PBT)	197.16
Remuneration (as %age of PBT)	1.50

*Cost to Company/actual payment made during the year has been considered for the purpose of remuneration

7. Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year, and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:

Particulars	Unit	As on 31/03/2015	As on 31/03/2014	Variation
Closing rate of share at NSE	Rs.	43.45	10.90	298.62%
Closing rate of share at BSE	Rs.	43.30	10.95	295.43%
EPS	Rs.	12.70	0.19	6584.21%
Market Capitalisation (NSE)	Rs. in crores	587.81	147.46	298.62%
Market Capitalisation (BSE)	Rs. in crores	585.78	148.14	295.43%
Price Earning Ratio (NSE)	Ratio	3.42	57.37	16.77
Price Earning Ratio (BSE)	Ratio	3.41	57.63	16.90

Closing share price as on 31st March, 2015 was Rs.43.45 (NSE). The Company's offer price during its public issue in 1986 was Rs.10/-. However these are not comparable as Company has issued Bonus Shares and done stock splits during the intervening period.

8. **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 2014-15 was 7.5%. Percentage increase(+)/decrease(-) in the managerial remuneration for the year was nil.

9. **Comparison of the remuneration of each Key Managerial Personnel against the performance of the Company:**

(Rs. in Crores)

Particulars	Shri Arvind Kapur Chairman, CEO & Managing Director	Shri Arun Kapur Joint Managing Director	Shri O.P. Aggarwal Chief Financial Officer (upto 31 st March, 2015)	Shri B.M. Jhamb Company Secretary
Remuneration*	1.35	0.48	0.86	0.27
Revenue	943.90	943.90	943.90	943.90
Remuneration (as %age of revenue)	0.14	0.05	0.09	0.03
Profit Before Tax (PBT)	197.16	197.16	197.16	197.16
Remuneration (as %age of PBT)	0.68	0.24	0.44	0.14

*Cost to Company/actual payment made during the year has been considered for the purpose of remuneration.

10. **The key parameters for any variable component of remuneration availed by the Director:**

No variable component of remuneration (Commission) was paid to the Directors during the financial year 2014-15.

11. **The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year:** Not Applicable

12. **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.

Statement of particulars of Employees pursuant to the provisions of Section 197(12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sl. No.	Name	Age (Years)	Designation/ Nature of Employment	Gross Remuneration (Rs.)	Qualification	Expe- rience (Years)	Date of Employment	Last Employment (Designation)	No. & % age of Equity Shares held in the Company	Whether related to any Director
1.	Sh. Arvind Kapur	64	Chairman, CEO & MD	1,34,61,157	B.Sc., President Management Program from Harvard Business School USA	45	16.12.1984	Rico Industries, Ludhiana (Partner)	12652460 (9.35%)	(Refer note 4 below)
2.	Sh. O. P. Aggarwal	69	Chief Financial Officer	85,56,024	M.Com, C.A. (Inter)	44	01.06.1985	Rico Industries, Ludhiana (Financial Controller)	140 (0.00%)	No
3.	Sh. N. K Sethi	67	Chief Advisor	75,02,858	B.E. (Mechanical)	43	03.07.1995	GIMRET Engg. Co. (General Manager)	2400 (0.00%)	No
4.	Sh. G S Bisht	64	President Aluminium Division	1,12,24,320	Diploma (Mech)	42	03.04.1986	Scooters India (Supervisor)	9000 (0.01%)	No
5.	Sh. Surendra Singh	56	President Human Resources & COO	78,52,647	MSW, L.L.B.	30	11.05.1998	Jay Rapid Roller Limited (Manager-HR)	Nil	No

Notes:

- Information has been furnished for employees who were in receipt of remuneration aggregating not less than Rs.60,00,000/- (Rupees Sixty lacs) per annum and employed throughout the financial year. None of employees worked for a part of the Financial Year. None of the employee was in receipt of remuneration in excess of that drawn by the Managing Director and holds by himself or alongwith his spouse and dependent children, exceeding 2% of the equity shares of the Company.
- Nature of employment of Shri Arvind Kapur, Chairman, CEO & Managing Director and Shri Arun Kapur, Joint Managing Director of the Company is contractual. All other Executives are on the permanent role of the Company.
- Gross Remuneration includes, interalia, salary, other allowance/payment and expenditure incurred on perquisites.
- Shri Arvind Kapur is related to Shri Arun Kapur, Jt. Managing Director & Shri Rakesh Kapur, Director of the Company.

ANNEXURE TO DIRECTORS' REPORT

FORM NO. 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, 2015 which were not on arm's length basis

Sl. No.	Particulars	Details
a.	Name (s) of the related party and 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	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)	Rico Investments Limited (Subsidiary)
b.	Nature of contracts/ arrangements/ transactions	i) Sale of ferrous based auto components plant ii) Sale of aluminium based auto components plant	Sale of Investments 100% stake in the following Companies: i) Rico Jinfei Wheels Limited ii) Rasa Autocom Limited iii) Rico Aluminium and Ferrous Auto Components Limited
c.	Duration of the contracts/ arrangements/ transactions	One time transaction	One time transaction
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	i) Sale of ferrous based auto components plant – Rs. 39.59 crores ii) Sale of aluminium based auto components plant – Rs. 4.81 crores Based on the Valuation Report obtained from Independent Valuer and the Fairness Opinion Report obtained from Merchant Banker	Sale of Investments of: i) Rico Jinfei Wheels Limited – Rs. 1.04 crores ii) Rasa Autocom Limited – Rs. 0.46 Crores iii) Rico Aluminium and Ferrous Auto Components Limited – Rs. 0.003 crores Based on the Valuation Report obtained from Independent Valuer and the Fairness Opinion Report obtained from Merchant Banker
e.	Date of approval by the Board/ Date of approval by the Shareholders through Postal Ballot	29 th January, 2015/ 14 th March, 2015	29 th January, 2015/ 14 th March, 2015
f.	Amount paid as advances, if any	N.A	N.A

* Definition of the term 'material contracts or arrangements or transactions' is taken as per Clause 49 of the Listing Agreement with Stock Exchanges.

For and on behalf of the Board of Directors

Place : Gurgaon
Date : 12th August, 2015

Arvind Kapur
Chairman, CEO and Managing Director
DIN: 00096308

ANNEXURE TO DIRECTORS' REPORT

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/Joint Venture Companies

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	07.01.2015 to 31.03.2015	01.04.2014 to 31.03.2015	01.04.2014 to 31.03.2015	01.04.2014 to 31.03.2015	01.04.2014 to 31.03.2015	01.04.2014 to 31.03.2015	01.04.2014 to 31.03.2015	01.04.2014 to 31.03.2015
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 (Exchange Rate 62.53)	GBP (Exchange Rate 90.94)	INR	INR	INR
Share Capital	93.70	0.41	0.05	0.12	0.17	46.05	38.00	25.00
Reserves & Surplus	(0.73)	(8.97)	(0.91)	17.27	5.16	(0.26)	(30.50)	(2.65)
Total Assets	93.01	5.06	0.22	43.14	9.36	63.88	63.03	41.57
Total Liabilities	0.04	13.62	1.09	25.74	4.03	18.09	55.53	43.11
Investments	57.50	0	0	0	0	3.50	0	0
Turnover	0.05	0	0	90.81	37.26	3.94	85.32	7.63
Profit/(loss) before Taxation	(0.74)	1.71	(0.08)	1.70	0.33	1.83	10.99	(1.94)
Provision for Taxation	(0.002)	0	0	0.63	0.06	0.23	0	0
Profit/(loss) after Taxation	(0.73)	1.71	(0.08)	1.07	0.27	1.60	10.99	(1.94)
Proposed Dividend	0	0	0	0	0	0	0	0
% of shareholding	96.05	100	100	100	100	*	*	*

Notes: *Names of subsidiaries which have been liquidated or sold during the year: The Company has sold the investments held in its subsidiary companies as mentioned at Sl. No. 6 to 8 to its another subsidiary as mentioned in Sl. No. 1 w.e.f. 26.03.2015. Consequently these have become step-down subsidiaries.

Part "B": Associates and Joint Ventures

(Rs. in Crores)

Sl. No.	Name of Joint Ventures	Magna Rico Powertrain Private Limited	FCC Rico Limited
1.	Latest Audited Balance Sheet Date	31.03.2015	31.12.2014
2.	Shares of Joint Ventures held by the company on the year end <ul style="list-style-type: none"> No. of Shares Amount of Investment in Joint Venture Extend of Holding (%) 	2,11,20,000 21.12 50	39,49,994 3.95 50
3.	Description of how there is significant influence	Joint Venture	Joint Venture
4.	Reason why the Joint Venture is not consolidated	Consolidated	Consolidated
5.	Net worth attributable to shareholding as per latest audited Balance Sheet	16.99	118.13
6.	Profit/Loss for the year <ul style="list-style-type: none"> Considered in Consolidation Not Considered in Consolidation 	3.06 3.06	15.01 15.01

Notes: Names of Associates or Joint Ventures which have been liquidated or sold during the year: FCC Rico Limited ceased to be Joint Venture Company w.e.f. 23.12.2014.

For and on behalf of the Board of Directors

Sanjay Syal
Chief Financial Officer

Amarjit Chopra
Director
DIN: 00043355

Satish Sekhri
Director
DIN: 00211478

Arvind Kapur
Chairman, CEO
& Managing Director
DIN: 00096308

Place : Gurgaon
Date : 28th May, 2015

B.M. Jhamb
Company Secretary

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, 2015, 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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, 2015, 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, 2015 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. 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, 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164(2) of the Act;
 - f. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) as detailed in Note 32(I) to the standalone financial statements, the Company has disclosed the impact of pending litigations on its standalone financial position;
 - ii) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

- iii) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Ashish Gupta**

Place : Gurgaon

Partner

Dated : 28th May, 2015

Membership No.: 504662

Annexure to the Independent Auditor's Report of even date to the members of Rico Auto Industries Limited, on the financial statements for the year ended March 31, 2015

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (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.
- (ii) (a) 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 year-end, written confirmations have been obtained by the management.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and material discrepancies noticed on physical verification have been properly dealt with in the books of account.
- (iii) The Company has granted unsecured loans (short term and long term) to companies covered in the register maintained under Section 189 of the Act; and with respect to the same:

- (a) in relation to short term unsecured loan, the principal amounts are repayable on demand and since the repayment of such loans has not been demanded, in our opinion, receipt of the principal amount is regular; and; in relation to long term unsecured loan, the principal amount is not due for repayment currently; and
- (b) there is no overdue amount in respect of loans (short term and long term) granted to such companies.
- (iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) 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 Company's products/services 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, wealth tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues, as applicable, have not been regularly deposited with the appropriate authorities and there have been significant delays in a large number of cases. 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 become payable;
- (b) The dues outstanding in respect of income-tax, sales-tax, wealth tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in crores)	Amount Paid Under Protest (Rs. in crores)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Errors and mismatch of challans in returns filed to Income Tax Department	0.18	Nil	Assessment year 2013-14	Assessing Officer, Income Tax Department
Haryana VAT Act, 2003	Disallowance of certain expenses	0.04	Nil	Financial year 2007-08	Joint Commissioner
Haryana VAT Act, 2003	Disallowance of input credit on purchase of furnace oil	0.22	Nil	Financial year 2007-08	Deputy Excise and Taxation Commissioner

Name of the statute	Nature of dues	Amount (Rs. in crores)	Amount Paid Under Protest (Rs. in crores)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Claim of cenvat on roof ventilator, evaporating cooling machine and others	0.47	0.03	Financial year 2005-06	Custom Excise & Service Tax Appellate Tribunal
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 below)	2.71	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	1.47	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	2.15	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	0.42	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	1.30	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	0.19	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	0.29	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	0.01	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	0.73	Nil	Financial year 2011-12 to 2012-13	Commissioner of Central Excise (Appeals)
Finance Act, 1994	Claim of cenvat on outward freight	0.25	Nil	Financial year 2005-06 to 2006-07	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

Note: Company has furnished a bond and bank guarantee of Rs. 0.42 crore and Rs. 0.004 crore respectively

- (c) The Company has transferred the amount required to be transferred to the investor education and protection fund in accordance with the relevant provision of the Companies Act, 1956 (1 of 1956) and rules made thereunder within the specified time.
- (viii) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.
- (ix) There are no dues payable to debenture-holders. The Company has defaulted in repayment of dues to the following banks and financial institutions:

Name of Bank	Amount (Rs. in crores)	Due date	Delay in days until March 31, 2015
Axis Bank - Term Loan III	1.79	June 30, 2014	1
	1.79	September 30, 2014	4
Axis Bank - Term Loan II	2.14	May 27, 2014	9
State Bank of Patiala - I	2.50	June 21, 2014	79
State Bank of Patiala - II	3.09	April 7, 2014	25
	1.08	April 7, 2014	28
State Bank of Hyderabad - I	1.07	April 30, 2014	1
	1.79	April 30, 2014	5
	2.86	July 31, 2014	22
State Bank of Hyderabad - II	2.14	June 15, 2014	1
	1.40	September 15, 2014	14
	0.74	September 15, 2014	16
Exim Bank Term Loan	1.60	May 22, 2014	14
	0.12	May 22, 2014	35
	1.72	August 22, 2014	20
Exim Bank – USD	0.61	May 22, 2014	32
	0.61	August 22, 2014	28

- (x) In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions are not, prima facie, prejudicial to the interest of the Company.
- (xi) In our opinion, the Company has applied the term loans for the purpose for which the loans were obtained.
- (xii) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Regn. No.001076N/N500013

per **Ashish Gupta**
Partner
Membership No.504662

Place : Gurgaon
Dated : 28th May, 2015

BALANCE SHEET AS AT MARCH 31, 2015

	Notes	As at March 31, 2015 (Rs. in Crores)	As at March 31, 2014 (Rs. in Crores)
I. EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
a) Share Capital	3	13.53	13.53
b) Reserves & Surplus	4	428.97	308.69
		442.50	322.22
NON-CURRENT LIABILITIES			
a) Long-Term Borrowings	5	86.19	61.07
b) Deferred Tax Liabilities (Net)	6	11.51	35.39
c) Other Long-Term Liabilities	7	1.11	1.20
d) Long-Term Provisions	8	5.90	9.72
		104.71	107.38
3. CURRENT LIABILITIES			
a) Short-Term Borrowings	9	55.40	147.27
b) Trade Payables	10	122.53	196.05
c) Other Current Liabilities	11	65.53	167.59
d) Short-Term Provisions	12	33.73	4.34
		277.19	515.25
TOTAL		824.40	944.85
II. ASSETS			
1. NON-CURRENT ASSETS			
a) Fixed Assets			
i) Tangible Assets	13	299.06	516.78
ii) Intangible Assets	13	0.13	1.27
iii) Capital Work-in-Progress		26.55	21.58
b) Non-Current Investments	14	111.87	76.40
c) Long-Term Loans and Advances	15	67.70	78.49
		505.31	694.52
2. CURRENT ASSETS			
a) Current Investments	16	45.00	—
b) Inventories	17	45.43	58.68
c) Trade Receivables	18	143.34	101.05
d) Cash and Bank Balances	19	0.82	0.92
e) Short-Term Loans and Advances	20	74.63	80.62
f) Other Current Assets	21	9.87	9.06
		319.09	250.33
TOTAL		824.40	944.85

The accompanying notes (1 to 54) are an integral part of the financial statements.
This is the Balance Sheet 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 : 28th May, 2015

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)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

		Year ended March 31, 2015 (Rs. in Crores)	Year ended March 31, 2014 (Rs. in Crores)
REVENUE			
Revenue from Operations (Gross)	22	912.85	1008.97
Less : Excise Duty		71.64	78.58
Revenue from Operations (Net)		841.21	930.39
Other Income	23	31.05	32.65
Total Revenue		872.26	963.04
EXPENSES			
Cost of Raw Materials and Components Consumed	24	433.30	497.62
Change in Inventories of Finished Goods and Work in Progress	25	2.78	12.99
Employee Benefit Expenses	26	116.90	113.82
Finance Costs	27	46.97	59.36
Depreciation and Amortisation	13	64.22	71.33
Other Expenses	28	233.14	203.86
Prior Period Items (Net)	29	(1.27)	(0.04)
Total Expenses		896.04	958.94
(Loss)/Profit Before Exceptional Items and Tax		(23.78)	4.10
Exceptional Items	30	(220.94)	—
Profit Before Tax (A)		197.16	4.10
Profit for the year from Continuing Operations Before Tax		401.35	15.77
Tax Expenses:			
Current Tax		48.39	6.19
Deferred Tax		(24.44)	(1.07)
Income Tax earlier years		(0.60)	—
Income Tax Expense from Continuing Operations (B)		23.35	5.12
Profit for the year from Continuing Operations After Tax		378.00	10.65
Loss for the year from Discontinued Operations Before Tax (refer note 49)		(30.57)	(11.67)
Loss on transfer of Assets and Liabilities of Discontinued Operations		(173.62)	—
Tax Expenses:			
Current Tax		—	(3.65)
Deferred Tax		1.94	—
Income Tax Expense from Discontinuing Operations (C)		1.94	(3.65)
Profit for the year from Discontinuing Operations After Tax (refer note 49)		(206.13)	(8.02)
Profit for the year (A-B-C)		171.87	2.63
Basic and diluted earning per equity share			
[nominal value of share Re.1/-(March 31, 2014 : Re.1/-)]	31	12.70	0.19

The accompanying notes (1 to 54) 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 : 28th May, 2015

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)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

	Year ended March 31, 2015 (Rs. in Crores)	Year ended March 31, 2014 (Rs. in Crores)
A. Cash Flow from Operating Activities		
Net Profit Before Tax	197.16	4.10
Adjustments for:		
Depreciation and Amortisation	64.22	71.33
Provision on Advances	8.67	—
Loss on Sale of Business Divisions	173.62	—
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	(2.30)	(0.09)
Provision for MTM - Forward Contracts	—	0.34
Exchange Rate Fluctuation (Net)	(2.40)	(6.09)
Finance Cost	46.97	59.36
Dividend Income	(7.03)	(2.96)
Operating Profit before Working Capital Changes	68.68	125.98
Adjustments for:		
(Increase)/Decrease in trade and other receivables	(83.19)	33.62
Decrease in inventories	13.25	19.95
(Decrease)/Increase in trade and other payables	(142.54)	67.18
	(143.80)	246.73
Net cash (used in)/generated from Operating Activities A	(143.80)	246.73
B. Cash flow from investing activities		
Purchase of fixed assets/addition to capital work in progress	(66.31)	(53.73)
Proceeds from sale of fixed assets	4.24	5.76
Proceed from sale of business divisions	44.40	—
Purchase of investments	(505.00)	(1.50)
Sale of investments	372.15	—
Proceeds from sale of Investment	496.50	—
Income tax paid	(44.73)	(4.66)
Dividend received	7.03	2.96
Net cash generated from/(used in) investing activities B	308.28	(51.17)
C. Cash flow from financing activities		
Proceeds from long term borrowings	246.01	7.50
Repayment of long term borrowings	(253.06)	(80.48)
Proceeds from short term borrowings	(91.86)	(64.82)
Dividend paid (including Corporate dividend tax)	(17.82)	(2.36)
Interest paid	(48.16)	(60.48)
Net cash used in financing activities C	(164.89)	(200.64)
Net Decrease in Cash and Cash Equivalents (A+B+C)	(0.41)	(5.08)
Cash and Cash Equivalents at the beginning of the year	0.61	5.69
Cash and Cash Equivalents at the close of the year	0.20	0.61

CASH FLOW STATEMENT (Contd.)

	Year ended March 31, 2015 (Rs. in Crores)	Year ended March 31, 2014 (Rs. in Crores)
Note:		
Cash and Cash Equivalents includes		
Cash and Cheques on Hand	0.13	0.37
Balance with Banks	0.07	0.24
Cash and Bank Balances	0.20	0.61
Balance in unpaid Dividend Account	0.62	0.31
Balance with Bank not considered as Cash and Cash Equivalent	0.62	0.31
Cash and Bank Balances (Refer Note 19)	0.82	0.92

Note:

- The above Cash Flow Statement has been prepared under the indirect method set out in AS-3 notified under clause 2 of section 2 of Companies Act, 2013.
- Figures in brackets indicate cash outflow.

This is the Cash Flow Statement 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 : 28th May, 2015

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)

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2015

Note 1 – CORPORATE INFORMATION

Rico Auto Industries Limited was incorporated in India on March 7, 1983. Rico supplies a broad range of high-precision fully machined aluminum and ferrous components and assemblies to Original Equipment Manufacturers across the globe. Its integrated services include design, development, tooling, casting, machining, assembly and research and development across aluminium and ferrous products. The Company is in the business of manufacturing and sale of auto components for two wheelers and four wheelers.

Note 2 – SIGNIFICANT ACCOUNTING POLICIES

i) Basis of Preparation

The 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 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 Company's operating cycle and other criteria set out in the Companies Act, 2013. The accounting policies have been consistently applied by the Company.

ii) Use of Estimates

The preparation of financial statements in conformity with the principles generally accepted in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in the current and future periods.

iii) Revenue Recognition

a) Revenue from Sale of Goods

Revenue from sale of goods is recognised upon transfer of significant risks and rewards incident to ownership and when no significant uncertainty exists regarding realisation of the sale consideration. Sales are recorded net of sales returns, rebates, trade discounts and price differences and are inclusive of excise duty.

b) Revenue from Sale of Services

Service income comprising technical and other support services fee is recognised as per the terms of the agreement. Revenue in respect of time and material contracts are recognised based on time spent in accordance with the contractual terms.

c) Duty Draw Back and Export Incentive

Export benefit entitlements are recognised in the Statement of Profit and Loss when the right to receive benefit is established in respect of the exports made.

d) Interest Income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

e) Dividend Income

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

iv) Fixed Assets and Intangibles

a) Tangible Assets

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes all expenses, direct and indirect, specifically attributable to its acquisition and bringing it to its working condition for its intended use.

Incidental expenditure pending allocation and attributable to the acquisition of fixed assets is allocated/capitalised with the related fixed assets.

b) Intangible Assets

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

v) Depreciation and Amortisation

Till the year ended March 31, 2014, depreciation rates prescribed under Schedule XIV of Companies Act, 1956 were used for charging depreciation. From the current year, schedule XIV has been replaced by Schedule II of Companies Act, 2013. Schedule II of Companies Act, 2013 prescribed the useful lives of fixed asset which, in many cases, are different from lives prescribed under Schedule XIV.

Depreciation on building and plant and machinery is provided on the straight-line method, computed on the basis of useful life, on a pro-rata basis from the date the asset is ready to put to use subject to transitional provisions of Schedule II. However for certain categories of plant and machinery depreciation is provided using straight line method over a period of 20 years.

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2015 (Contd.)

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.

vi) Investments

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.

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

vii) Inventories

Inventories are valued as follows:

a) Raw Materials and Loose Tools

Lower of cost or net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

b) Work in Progress

Work in progress is valued at cost up to the stage of completion. Cost includes direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.

c) Finished Goods

Finished goods are valued at lower of cost or net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity. Cost of finished goods includes excise duty.

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

viii) Employee Benefits

Wages, salaries, bonuses, paid annual leave and sick leave are accrued in the year in which the associated services are rendered by employees of the Company. The Company also provides benefit of compensated absences under which un-availed leaves are allowed to be accumulated and can be availed in future.

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

a) Provident Fund and Employee State Insurance Scheme

Provident fund benefit and Employee State Insurance benefit are defined contribution plans under which the Company pays fixed contributions into funds established under Employee Provident Fund and Miscellaneous Provision Act, 1952 and Employee State Insurance Act, 1948 respectively. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognised in respect of defined contribution plans are expensed as they accrue. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets, respectively, as they are normally of a short term nature.

b) Gratuity

Gratuity is a post-employment benefit and is in the nature of defined benefit plan. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit obligation as at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses. Gratuity Fund is administered through Life Insurance Corporation of India. The defined benefit obligation is calculated at the balance sheet date on the basis of actuarial valuation by an independent actuary using projected unit credit method. 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.

c) Compensated Absences

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

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2015 (Contd.)

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 India First Life Insurance Company Limited.

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.

xii) **Derivative Instruments**

The Company uses foreign exchange forward contracts to hedge its exposure towards underlying assets or liability or for highly probable and forecasted transactions. These foreign exchange forward contracts are not used for trading or speculation purposes.

a) *Forward Contracts taken for Highly Probable/Forecast Transactions*

Such forward exchange contracts are marked to market at the balance sheet date if such mark to market results in exchange loss such exchange loss is recognised in the statement of profit and loss immediately. Any gain is ignored and not recognised in the financial statements in accordance with the principles of prudence enunciated in Accounting Standard 1- Disclosure of Accounting Policies notified under the Companies Act, 2013.

b) *Forward Contracts where an underlying Asset or Liability exists*

In such case, the difference between the forward rate and the exchange rate at the inception of the contract is recognised as income or expense over the life of the contract.

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.

xiii) **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.

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2015 (Contd.)

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.

xiv) **Leases**

a) *Operating Leases*

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

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.

xv) **Provisions and Contingencies**

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.

xvi) **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.

xvii) **Impairment of Assets**

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.

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2015 (Contd.)

	As at March 31, 2015 (Rs. in Crores)		As at March 31, 2014 (Rs. in Crores)	
Note 3 – SHARE CAPITAL				
a) AUTHORIZED				
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
Ashish Dhawan	—	—	5.38	7273092
The above information is furnished as per the shareholder register as on March 31, 2015.				
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 preceeding the reporting period.				

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2015 (Contd.)

	As at March 31, 2015 (Rs. in Crores)	As at March 31, 2014 (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
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	81.91	80.86
Add : Profit transferred from Statement of Profit and Loss	171.87	2.63
Less : Proposed Dividend on Equity Shares	27.06	1.35
Less : Corporate Dividend Tax	5.41	0.23
Less : Interim dividend on equity shares	13.53	—
Less : Interim dividend tax	2.70	—
Less : Additional depreciation as per Schedule II (Refer Note 51)	2.89	—
Net Surplus as per Statement of Profit and Loss	202.19	81.91
	428.97	308.69

* Amounts have been rounded off to zero

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2015 (Contd.)

	As at March 31, 2015 (Rs. in Crores)	As at March 31, 2014 (Rs. in Crores)
Note 5 – LONG TERM BORROWINGS		
SECURED		
Term Loans from Banks:		
Foreign Currency Loans	6.88	9.72
Rupee Loans	93.65	110.17
From Financial Institutions	23.50	—
Vehicle Loans:		
From Banks	0.47	0.55
From Companies	0.23	—
	124.73	120.44
Less: Current maturities of long term secured borrowings (refer note 11)	38.54	68.24
Total	86.19	52.20
UNSECURED		
From Financial Institutions:		
Rupee Loans	—	11.33
	—	11.33
Less: Current maturities of long term unsecured borrowings (refer note 11)	—	2.46
Total	—	8.87
Grand Total	86.19	61.07

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+ 4.50%p.a. (previous year Libor + 4.50%) and is repayable in 20 equal quarterly installments after moratorium of 8 quarters. The term loan is secured by first pari passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	6.88	9.72
2. Rupee term loan from Axis Bank carries interest @13.75% p.a. and is repayable in 14 equal quarterly installments after a moratorium of 6 quarters. The term loan is secured by first pari passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	—	8.57
3. Rupee term loan from Axis Bank carries interest @13.50% p.a. and is repayable in 14 equal quarterly installments after a moratorium of 6 quarters. The term loan is secured by first pari passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	—	16.07
4. Foreign currency term loan from Export Import bank of India carries interest @base rate+ 2.0% p.a. Based on current spread, the current interest rate ranges from 12.25% p.a. to 12.40%p.a. (PY 11.40%p.a. to 13.10% p.a.) and the loan		

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2015 (Contd.)

	As at March 31, 2015 (Rs. in Crores)	As at March 31, 2014 (Rs. in Crores)
is repayable in 20 equal quarterly installments after a moratorium of 8 quarters. The term loan is secured by first pari passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	18.65	25.70
5. Rupee term loan from State Bank of Hyderabad carries interest @ 13.20% p.a. and is repayable in 14 equal quarterly installments after a moratorium of 6 quarters. The term loan is secured by first pari passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	—	5.64
6. Rupee term loan from State Bank of Hyderabad carries interest @ 13.20% p.a. and is repayable in 14 equal quarterly installments after a moratorium of 6 quarters. The term loan is secured by first pari passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	—	12.86
7. Rupee term loan from State Bank of Patiala carries interest @ 14.20% p.a. and is repayable in 14 equal quarterly installments after a moratorium of 6 quarters. The term loan is secured by first pari passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	—	7.18
8. Rupee term loan from State Bank of Patiala carries interest @ 14% p.a. and is repayable in 12 equal quarterly installments after a moratorium of 8 quarters. The term loan is secured by first pari passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	—	34.15
9. This term loan from Syndicate Bank carries interest @ 12.75% p.a. and is repayable in 14 equal quarterly installments after a moratorium of 6 quarters. The term loan is secured by first pari passu charge of all movable fixed assets of the Company (both present and future). Also additionally 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. The lender also has second charge on all current assets of the company.	75.00	—
10. Rupee term loan from Haryana State Industrial and Infrastructure Development Corporation Limited carries interest @ 12.50% p.a. and is repayable in 28 equal quarterly installments after a moratorium of 4 quarters. The term loan is secured by first pari passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of 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	—
11. Vehicle loans are secured by the hypothecation of vehicles financed and are repayable in equal monthly installments ranging from 35-60 carrying interest @ 10%-10.25% p.a.	0.70	0.55
	124.73	120.44

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2015 (Contd.)

	As at March 31, 2015 (Rs. in Crores)	As at March 31, 2014 (Rs. in Crores)
B. Unsecured Loans		
1. Term Loan is taken from Tata Capital Limited as part of facilitation agreement which carries interest at the rate of 14.50% p.a. and was repayable in 60 equal monthly installments after a moratorium of 12 months and is secured by personal guarantee of the Managing Director of the Company.	—	3.83
2. Term Loan with IFCI Venture Capital Funds Limited (IFCI Venture) carries interest @ 15.50% p.a. and is repayable in 13 quarterly installments after a moratorium of 12 months and is secured by the first pari passu charge on equity shares of Rico Auto Industries Limited pledged with the IFCI Venture and properties located at New Delhi and Gurgaon. Further the loan is secured by residential property of M/s. Kapsons Associates Investments Pvt. Ltd. in Gurgaon exclusively in favour of IFCI Venture and personal guarantee of Mr. Arvind Kapur (Chairman, CEO and Managing Director) and Mr. Arun Kapur (Joint Managing Director). The above pledged securities are held by M/s. Kapsons Associates Investments Pvt. Ltd.	—	7.50
	—	11.33
Note 6 – DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liabilities arising on account of:		
Depreciation	17.76	36.46
Less:		
Deferred Tax Asset arising on account of:		
Employee Benefits	3.30	1.07
Provision on advances	2.95	—
	11.51	35.39
Note 7 – OTHER LONG TERM LIABILITIES		
Security Deposits	1.11	1.20
	1.11	1.20
Note 8 – LONG TERM PROVISIONS		
Provision for Gratuity (refer note 35)	5.42	8.90
Provision for Compensated Absences	0.48	0.82
	5.90	9.72
Note 9 – SHORT TERM BORROWINGS		
SECURED		
Working Capital Loans from Banks:		
Foreign Currency Loans	37.63	38.25
Rupee Loans	0.42	85.59
Buyers' Credit in Foreign Currency from Banks	16.65	23.43
UNSECURED		
Rupee Loan from Related Party	0.70	—
	55.40	147.27

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2015 (Contd.)

	As at March 31, 2015 (Rs. in Crores)	As at March 31, 2014 (Rs. in Crores)
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).	0.42	85.59
2. Packing credit facility from Kotak Mahindra Bank is secured against subservient charge on current assets and moveable fixed assets for Rs. 30 Crores.	20.09	30.01
3. Packing credit facility from Yes 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	3.75	3.71
4. Buyer's credit facility from State Bank of Patiala is secured by first pari passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon	5.25	6.26
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 a director of the Company	11.40	14.04
6. Buyer's credit facility from Axis Bank was secured against first pari-passu charged on all the current assets of the Company including all types of Stocks and bank debts/receivable (both present and future).	—	3.13
7. This packing credit facility from Citi Bank was 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.	—	2.08
8. This 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	13.79	2.45
Unsecured Loans		
9. This loan has been taken from Magpie Properties Private Limited, related party of the Company. (refer note 45)	0.70	—
	55.40	147.27
Note 10 – TRADE PAYABLES		
Due to micro, small and medium enterprises (refer note 33)	19.22	12.58
Others		
Acceptances	11.58	53.85
Other than acceptances	83.23	124.29
Due to related parties (refer note 45)	5.80	—
Other payables	2.70	5.33
	122.53	196.05

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2015 (Contd.)

	As at March 31, 2015 (Rs. in Crores)	As at March 31, 2014 (Rs. in Crores)
Note 11 – OTHER CURRENT LIABILITIES		
Current Maturities of Long-Term Debts (Refer Note 5 for security and re-payment details)		
SECURED		
Foreign Currency Loans	2.50	3.04
Rupee Loans	36.04	65.20
UNSECURED		
Rupee Loans	—	2.46
Interest accrued but not due on borrowings	0.67	1.57
Unclaimed Dividends	0.62	0.31
Statutory Liabilities	2.75	5.19
Payable for Capital Purchases	1.40	6.79
Employee Benefits Payable	6.57	11.39
Security Deposits	1.63	2.44
Advances from Customers	9.47	64.79
Other Liabilities*	3.88	4.41
	<u>65.53</u>	<u>167.59</u>
*includes expense payable		
Note 12 – SHORT TERM PROVISIONS		
Provision for Gratuity (Refer Note 35)	1.14	1.28
Provision for Compensated Absences	0.12	1.48
Provision for Dividend	27.06	1.35
Provision for Tax on Dividend	5.41	0.23
	<u>33.73</u>	<u>4.34</u>

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2015 (Contd.)

Note 13 – FIXED ASSETS

(Rs. in Crores)												
GROSS BLOCK							ACCUMULATED DEPRECIATION				NET BLOCK	
Particulars	As on 01.04.2014	Additions During the Year	Disposals During the Year	Other Exchange Differences	Other Adjustments Borrowing Costs	As at 31.03.2015	As on 01.04.2014	Charge for the Year	Additional Depreciation (refer note 51)	Adjustment upon Deletion	As at 31.03.2015	As at 31.03.2014
TANGIBLE ASSETS												
LAND												
(a) Freehold	16.41	—	—	—	—	16.41	—	—	—	—	16.41	16.41
(b) Leasehold	16.92	2.37	4.43	—	—	14.86	0.74	0.68	—	0.54	13.98	16.18
BUILDINGS	101.17	4.83	—	—	—	106.00	27.22	3.45	0.26	—	75.07	73.95
FURNITURE & FIXTURES	5.43	—	1.69	—	—	3.74	4.21	0.44	0.01	1.31	0.39	1.22
PLANT & MACHINERY	812.47	26.31	392.93	0.29	—	446.14	443.18	44.30	2.79	212.17	168.04	369.29
DIES & MOULDS	50.07	16.36	20.96	—	—	45.47	18.71	11.68	—	5.23	20.31	31.36
OFFICE EQUIPMENT	23.03	0.13	5.98	—	—	17.18	18.35	1.28	1.17	5.12	1.50	4.68
VEHICLES	11.48	1.66	3.12	—	—	10.02	7.79	1.29	0.05	2.47	3.36	3.69
	1036.98	51.66	429.11	0.29	—	659.82	520.20	63.12	4.28	226.84	299.06	516.78
INTANGIBLE ASSETS												
COMPUTER SOFTWARE	10.18	—	0.68	—	—	9.50	8.91	1.10	—	0.64	0.13	1.27
	10.18	—	0.68	—	—	9.50	8.91	1.10	—	0.64	0.13	1.27
CURRENT YEAR												
TOTAL	1047.16	51.66	429.79	0.29	—	669.32	529.11	64.22	4.28	227.48	299.19	518.05
PREVIOUS YEAR												
TOTAL	990.04	66.26	10.90	1.55	0.21	1047.16	463.01	71.33	—	5.23	518.05	527.03

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2015 (Contd.)

	As at March 31, 2015 (Rs. in Crores)	As at March 31, 2014 (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 Share of GBP 1/- each (Previous year 20,000 Equity Shares of GBP 1/- each)	0.17	0.17
Rasa Autocom Limited* NIL Equity Shares of Rs.10/- each (Previous year 2,00,00,000 Equity Shares of Rs.10/- each)	—	20.00
Uttarakhand Automotive 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
RAA Autocom Limited* NIL Equity Shares of Rs.10/- each (Previous year 50,000 Equity Shares of Rs.10/- each)	—	0.05
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 Jinfei Wheels Limited* NIL Equity Shares of Rs.10/- each (Previous year 3,05,25,000 Equity Shares of Rs.10/- each)	—	30.53
Rico Investment Limited 4,60,00,000 Equity Shares of Rs.10/- each 4,40,00,000 12% Redeemable Compulsorily Convertible Non Cumulative Preference Shares of Rs.10/- each	46.00 44.00	— —
	90.75	51.33
Investment in Joint Ventures		
FCC Rico Limited* NIL Equity Shares of Rs.10/- each (Previous year 39,49,994 Equity Shares of Rs.10/- each)	—	3.95
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 25.07
Total Value of unquoted Investments *sold during the year	111.87	76.40

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2015 (Contd.)

	Year ended March 31, 2015 (Rs. in Crores)	Year ended March 31, 2014 (Rs. in Crores)
Note 15 – LONG TERM LOANS AND ADVANCES		
a) Capital advances:		
Unsecured, considered good	14.72	11.68
Unsecured, considered doubtful	—	0.14
Less : Provision for doubtful advances	—	(0.14)
[Includes advances of Rs.9.72 crores (Previous year Rs.9.72 crores) to related parties, refer note 45]		
b) Security deposits:		
Unsecured, considered good	5.55	5.00
c) Loans and advances to related parties*:		
Unsecured, considered good (refer note 45)	34.18	46.13
d) Loans and advances to employees:		
Unsecured, considered good	0.06	0.08
e) Advance income tax	12.51	15.57
[net of provisions of Rs.48.39 crores (Previous year Rs.10.45 crores)]		
Prepaid expenses	0.68	0.03
Others**	0.00	—
	<u>67.70</u>	<u>78.49</u>
*Loans given for acquisition of fixed assets		
**Amounts have been rounded off to zero		
Note 16 – CURRENT INVESTMENTS (QUOTED)		
2,12,931 units of Axis Liquid Fund @ NAV of Rs.1,549.80	33.00	—
35,196 units of Reliance Liquid Fund @ NAV of Rs.3,409.45	12.00	—
	<u>45.00</u>	<u>—</u>
Aggregate Market Value (NAV)	45.01	—
Note 17 – INVENTORIES		
(valued at lower of or cost net realisable value)		
As valued and certified by the management		
Stores and spares	18.94	26.08
Raw material and components	7.97	11.44
Goods-in-transit - Components	1.19	1.05
Work-in-progress	11.34	18.76
Finished goods	5.99	1.35
	<u>45.43</u>	<u>58.68</u>
Note 18 – TRADE RECEIVABLES		
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they were due for payment	10.96	4.10
Other debts	132.38	96.95
	<u>143.34</u>	<u>101.05</u>
Note 19 – CASH AND BANK BALANCES		
Cash on hand	0.07	0.37
Cheques on hand	0.06	—
Balances with banks		
In current accounts	0.07	0.24
Other bank balances		
In dividend accounts	0.62	0.31
	<u>0.82</u>	<u>0.92</u>

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2015 (Contd.)

	Year ended March 31, 2015 (Rs. in Crores)	Year ended March 31, 2014 (Rs. in Crores)
Note 20 – SHORT TERM LOANS AND ADVANCES (Unsecured considered good)		
Inter corporate deposits	8.72	9.13
Loans and advances to employees	0.86	0.08
Advance to suppliers	2.70	7.13
Advance to related parties* (refer note 45)	46.82	39.38
Prepaid expenses	2.93	2.71
Balance with statutory/ government authorities on account of:		
Service tax	1.57	2.25
Excise duty	10.45	12.32
Sales tax	1.44	1.03
Others	7.81	6.59
Less: Provision on advances to related parties	8.67	—
	<u>74.63</u>	<u>80.62</u>
* Loans given for working capital purpose		
Note 21 – OTHER CURRENT ASSETS		
Interest accrued on electricity security deposit	0.07	0.02
Insurance claim receivable	—	0.02
Export incentive receivable	8.36	4.86
Unbilled revenue	1.44	4.16
	<u>9.87</u>	<u>9.06</u>
Note 22 – REVENUE FROM OPERATIONS		
Sale of products [refer note 22(a) below]	873.29	978.87
Job work charges	0.03	0.96
Other operating revenues		
Scrap sales	23.98	17.26
Duty draw back and other export incentives	7.95	6.79
Others	7.60	5.09
	<u>912.85</u>	<u>1008.97</u>
Note 22 (a) – Detail of major products sold :		
Auto parts - aluminum	623.12	741.88
Auto parts - ferrous	249.23	233.03
Dies and Moulds	0.94	3.96
	<u>873.29</u>	<u>978.87</u>
Note 23 – OTHER INCOME		
Interest income	2.90	3.36
Dividend income from joint venture, FCC Rico Limited	7.03	2.96
Exchange rate fluctuation (net)	2.40	6.10
Rental income from operating lease	0.36	2.32
Support services	12.52	14.96
Profit on sale of Mutual Fund	2.30	—
Insurance claim received	3.26	—
Miscellaneous income	0.28	2.95
	<u>31.05</u>	<u>32.65</u>

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2015 (Contd.)

	Year ended March 31, 2015 (Rs. in Crores)	Year ended March 31, 2014 (Rs. in Crores)
Note 24 – COST OF RAW MATERIALS AND COMPONENTS CONSUMED		
Raw material and components		
Opening stock	11.44	17.17
Add : Purchases during the year	429.83	491.89
Less : Closing stock [refer note 24(b)]	7.97	11.44
Raw material and components consumed [refer note 24(a)]	<u>433.30</u>	<u>497.62</u>
Note 24(a) – Detail of major components of raw material consumption are as follows:		
Aluminum alloy	241.17	185.05
Pig iron and steel scrap	60.02	48.29
Other materials and components	132.11	264.28
Total	<u>433.30</u>	<u>497.62</u>
Note 24(b) – Detail of closing stock of raw materials and components are as follows:		
Aluminum alloy	2.61	2.56
Pig iron and steel scrap	—	3.42
Other materials and components	5.36	5.46
Total	<u>7.97</u>	<u>11.44</u>
Note 25 – CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS		
(a) Work-in-progress		
Opening stock	18.76	30.32
Closing stock	11.34	18.76
	<u>7.42</u>	<u>11.56</u>
(b) Finished goods		
Opening stock	1.35	2.78
Closing stock	5.99	1.35
	<u>(4.64)</u>	<u>1.43</u>
Total	<u>2.78</u>	<u>12.99</u>
Note 26 – EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	96.35	99.79
Contribution to provident and other funds	15.82	9.60
Staff welfare expenses	4.73	4.43
	<u>116.90</u>	<u>113.82</u>

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2015 (Contd.)

	Year ended March 31, 2015 (Rs. in Crores)	Year ended March 31, 2014 (Rs. in Crores)
Note 27 – FINANCE COSTS		
Interest expenses on		
Borrowings	42.81	44.91
Trade payables	3.41	3.72
Other borrowing costs	0.75	2.01
Net loss on foreign currency transactions and translation on borrowings	—	8.72
	<u>46.97</u>	<u>59.36</u>
Note 28 – OTHER EXPENSES		
Consumption of stores and spares	52.34	51.25
Power and fuel	94.59	78.75
Sub contracting expenses	34.19	30.07
Rent (refer note 44)	1.34	1.80
Repairs		
To Buildings	0.64	0.74
To Machinery	2.35	2.60
To Others	2.00	2.43
Insurance	2.95	3.58
Rates and taxes	2.05	2.01
Directors' sitting fees	0.28	0.07
Travelling and conveyance	2.68	2.30
Legal and professional [refer note 28(a)]	3.58	2.42
Vehicle running and maintenance expenses	3.34	3.49
Freight and forwarding	25.66	14.95
Line rejection and re-work charges	3.02	5.19
Miscellaneous expenses	2.13	2.21
	<u>233.14</u>	<u>203.86</u>
Note 28(a) – Payment to the auditors comprises :		
Statutory audit (including limited reviews)	0.25	0.25
Certification	0.11	0.03
Others	0.04	0.03
Out of pocket expenses	0.07	0.08
	<u>0.47</u>	<u>0.39</u>
Note 29 – PRIOR PERIOD ITEMS (NET)		
Interest Income	(1.29)	—
Others	0.02	(0.04)
	<u>(1.27)</u>	<u>(0.04)</u>
Note 30 – EXCEPTIONAL ITEMS (REFER NOTE 50)		
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	3.84	—
	<u>(220.94)</u>	<u>—</u>
Note 31 – EARNING PER SHARE		
Profit after tax (A)(Rs.)	171.87	2.63
Weighted average number of Equity shares (basic/diluted)(B)	135285000	135285000
Nominal value of Equity share(Rs.)	1.00	1.00
Earnings per share (A/B) (Rs.)	<u>12.70</u>	<u>0.19</u>

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2015 (Contd.)

Note 32 – CONTINGENT LIABILITIES

l) Demand against the Company not acknowledged as Liability

(Rs. in Crores)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
i) Income Tax	0.18	0.15
ii) Sales Tax	0.26	0.47
iii) Excise and Service Tax	9.99	10.64
iv) Others	5.61	5.61

Income Tax Cases

- a. Income tax department has raised demand for Rs. 0.18 crores (previous year Rs. 0.15 crores). This is on account of filing of incorrect particulars regarding challans deposited as compared to actual challans deposited.

Sales Tax Cases

- b. Demand order of assessment received under Haryana VAT Act 2003 for Rs.0.43 crores for disallowing the input tax on purchase of furnace oil. An appeal has been filed on May 15, 2010 before the Joint Excise & Taxation Commissioner (Appeals), Faridabad. The appeal was decided by the Joint Commissioner (Appeals) and the case was remanded back to the Deputy Excise and Taxation Commissioner, Gurgaon (West). During the year the Company has received an order from the Deputy Excise and Taxation Commissioner, Gurgaon (West) in its favour.
- c. 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 crores (previous year Rs. 0.04 crores). An appeal was filed with Haryana Sales Tax Tribunal on February 23, 2013. Tribunal has remanded the case back to Joint Commissioner, Gurgaon.
- d. During the year ended March 31, 2015 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 crores. The Company has filed an appeal with Haryana Sales Tax Tribunal on August 25, 2014 and is presently pending before it.

Excise and Service Tax Cases

- e. 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 crores. Amount involved is Rs. 0.47 crores (previous year Rs. 0.44 crores). No hearing has taken place since June 15, 2009. Current year movement represents interest.
- f. 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 crores, penalty of equal amount, interest at the applicable rate and a fine in lieu of confiscation of Rs. 0.10 crores on the dies released provisionally. Further, Company has also furnished a bond of Rs 0.42 crores and a bank guarantee of Rs 0.004 crores. A stay application was filed before the CESTAT. Total amount involved is Rs. 2.71 crores (previous year Rs. 2.57 crores). Current year movement represents interest.
- g. 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 crores. The amount involved is Rs. 1.47 crores (previous year Rs. 1.40 crores). Current year movement represents interest.
- h. 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. 2.15 crores (previous year Rs. 2.04 crores). Current year movement represents interest.
- i. 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, department has been filed Appeal before Tribunal against said order. The amount involved is Rs.0.42 crores (Previous year Rs. 0.40 crores). Current year movement represents interest.

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2015 (Contd.)

- j. 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 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. 1.30 crores (Previous year Rs. 1.23 crores). Current year movement represents interest.
- k. 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. 0.19 crores (Previous year Rs. 0.18 crores). Current year movement represent interest.
- l. 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. 0.29 crores (Previous year Rs. 0.27 crores). Current year movement represent interest.
- m. 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. 0.01 crores (Previous year Rs. 0.01 crores).
- n. 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. 0.73 crores (Previous year Rs. 0.68 crores).
- o. Additional commissioner disallowed cenvat credit availed on consultancy charges, courier charges etc. for the period March 2005 to December 2010 amounting to Rs. 0.39 crores, imposed penalty of Rs. 0.39 crores and provisional interest of Rs. 0.18 crores. The Company filed an appeal against the order before the Commissioner (Appeals) which was adjudged in favor of the Company on February 15, 2013. Department has filed further Appeal before CESTAT against the order on June 06, 2013. The amount involved was Rs. 0.96 crores. During the year the Company has received an order from the CESTAT in its favour.
- p. Assistant Commissioner disallowed cenvat credit availed on service tax paid on different activities. Amount involved is Rs. 0.06 crores. The case was decided by Commissioner (Appeals) against the Company on February 11, 2011. Company has filed an appeal before the Tribunal. During the year the Company has received an order from the CESTAT in its favour.
- q. Department has issued a show cause notice dated December 14, 2011 in respect of claim of cenvat on input services namely courier, insurance, bank processing, transport, travel agency for the period 2011-12. On February 3, 2014. Commissioner of Central Excise has confirmed the demand. Appeal filed before the Commissioner of Central excise (Appeals) on April 7, 2014. The amount involved is Rs.0.11 crores. During the year the Company has received an order from the Commissioner of Central Excise (Appeals) in its favour.
- r. A show cause notice was issued disallowing cenvat credit related to service tax. An appeal was filed before the Commissioner (Appeals) and the decision was given in favor of the department. The Company filed an appeal before Tribunal against the decision and the Tribunal remanded back the case to Commissioner (Appeals). The amount involved is Rs. 0.05 crores. During the year the Company has received an order from the Commissioner (Appeals) in its favour.
- s. 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 Rs.0.25 crores (previous year Rs. 0.24 crores). Current year movement represents interest.

Others

- t. Dakshin Haryana Bijli Vitran Nigam (DHBVN) has demanded Rs. 5.60 crores (previous year Rs. 5.60 crores) for overdrawn power as compared to approved load limit. DHBVN filed a writ petition before Honorable High Court of Punjab and Haryana and presently the case is pending and hearing is now adjourned to September 4, 2015. The Company has deposited Rs 3.60 crores during the financial year 2011-12.
- u. 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 crores (Previous year Rs. 0.01 crores).

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2015 (Contd.)

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)

Name of the Subsidiary/Step Down Subsidiary	Year ended March 31, 2015	Year ended March 31, 2014
i) Rasa Autocom Limited	8.00	43.00
ii) Rico Jinfei Wheels Limited	10.00	10.00

The outstanding amount as on March 31, 2015 of the above mentioned loan as per the books of accounts of Rasa Autocom Limited is Rs. Nil and as per the books of accounts of Rico Jinfei Wheels Limited is Rs. 0.32 crores.

III) Others

Export obligation to be undertaken by the Company under EPCG scheme amounting to Rs. 117.20 crores (previous year Rs. 120.83 crores). Amount of custom duty included is Rs 14.65 crores (previous year Rs. 15.10 crores)

Note 33 – Dues to micro, small and medium enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006.

(Rs. in Crores)

Particulars	As at March 31, 2015		As at March 31, 2014	
	Principle	Interest	Principle	Interest
1. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	19.22	0.24	12.58	0.38
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	19.22	0.24	12.58	0.38
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 34 – COMMITMENTS

(Rs. in Crores)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Estimated amount of contracts remaining to be executed on account of Capital commitments [net of advances Rs 0.50 crores (previous year Rs. 0.27 crores)]	3.07	3.19

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2015 (Contd.)

Note 35 – EMPLOYMENT BENEFITS

(Rs. in Crores)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
A. Provident Fund and other Funds		
Employer's contribution to provident fund	5.21	4.98
Employer's contribution to ESI	0.27	0.70
B. Defined Benefit Plan – Gratuity		
I) Change in Defined Benefit Obligation		
a) Present value of obligation as at beginning of the year.	14.67	13.01
b) Current service cost	1.34	1.24
c) Interest cost	1.25	1.03
d) Benefits paid	(2.33)	(0.84)
e) Acquisitions Cost / (Credit)*	(4.74)	0.00
f) Actuarial loss	4.36	0.23
Present value of obligation as at end of the year	14.55	14.67
*Liabilities related to discontinuing operations transferred to Rico Aluminium and Ferrous Auto Components Limited.		
II) Change in fair value of plan assets		
a) Fair Value of assets at the beginning of the year	4.49	4.90
b) Expected return on plan assets	0.56	0.42
c) Employers contributions	5.42	0.03
d) Benefits paid	(2.33)	(0.84)
e) Actuarial gain	(0.15)	(0.02)
Fair value of plan assets as at end of the year	7.99	4.49
III) The amounts to be recognised in Balance Sheet		
a) Present value of obligation as at the end of the period	14.55	14.67
b) Fair value of plan assets as at the end of the period	7.99	4.49
Net liability recognised in Balance Sheet	6.56	10.18
– Non current	5.42	8.90
– Current	1.14	1.28
IV) Expense recognised in the Statement of Profit and Loss		
a) Current service cost	1.34	1.24
b) Interest cost	1.25	1.03
c) Net actuarial loss recognised	4.51	0.25
d) Expected return on planned assets	(0.56)	(0.42)
Expenses recognised in the Statement of Profit and Loss	6.54	2.10

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

(Rs. in Crores)

Particulars	Year ended				
	March 31, 2011	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015
1. Defined benefit obligation at the end of the period	(8.23)	(10.33)	(13.01)	(14.67)	(14.55)
2. Plan assets at the end of the period	4.55	5.28	4.90	4.49	7.99
3. Funded assets	(3.68)	(5.05)	(8.11)	(10.18)	(6.57)
4. Experience loss adjustments on plan liabilities	(0.97)	(0.64)	(0.96)	(0.30)	(2.58)
5. Experience gain adjustments on plan assets	0.00*	0.01	0.01	(0.02)	(0.15)
6. Actuarial gain/(loss) due to change in actuarial assumptions	—	(0.70)	(0.68)	0.05	(1.78)

* Amounts have been rounded off to zero.

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2015 (Contd.)

VI) Assumptions used to determine the benefit obligations

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Discount rate	8.00%	9.25%
Rate of increase in compensation levels	7.00%	7.00%
Expected return on planned assets	9.25%	9.25%

In respect of Employee's Gratuity Fund, constitution of Plan Assets is not readily available from the Life Insurance Corporation of India.

C. Other Long Term Benefit Plans

Other long term benefit plans represents the compensated absences provided to the employees of the Company.

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
I) Actuarial valuation has been done with the following assumptions		
Discount rate	8.00%	9.25%
Rate of increase in compensation levels	7.00%	7.00%
Expected rate of return on planned assets	9.25%	9.25%

Note 36 – EXPENSES ON RESEARCH AND DEVELOPMENT

(Rs. in Crores)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Capital expenditure	0.31	0.00
Employees remuneration and benefits	3.85	2.45
Revenue expenditure other than depreciation	0.73	0.60
Depreciation on research and development assets	0.39	0.43

Note 37 – COMPOSITION OF IMPORTED AND INDIGENOUS RAW MATERIAL (INCLUDING COMPONENTS AND SPARES)

(Rs. in Crores)

Particulars	Year ended March 31, 2015		Year ended March 31, 2014	
	Value	Percentage to total consumption	Value	Percentage to total consumption
1. ALUMINUM ALLOY				
Indigenous	230.07	39.56%	198.30	30.14%
Imported	19.35	3.33%	0.01	0.00%
2. PIG IRON AND STEEL SCRAP				
Indigenous	61.35	10.55%	47.93	7.29%
Imported	0.00	0.00%	0.36	0.05%
3. OTHER MATERIALS AND COMPONENTS				
Indigenous	211.76	36.42%	349.93	53.19%
Imported	3.29	0.57%	2.26	0.34%
4. STORES AND SPARE PARTS				
Indigenous	52.92	9.10%	56.23	8.55%
Imported	2.71	0.47%	2.82	0.44%

— Consumption includes interunit Rs.95.81 crores (previous year Rs. 108.97 crores)

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2015 (Contd.)

Note 38 – CIF VALUE OF IMPORTS

(Rs. in Crores)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Capital goods	—	0.30
Raw materials	18.49	0.34
Components	1.87	2.04
Stores and spares	4.38	2.29

Note 39 – EXPENDITURE IN FOREIGN CURRENCY

(Rs. in Crores)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Bank charges against export	—	0.05
Travelling expenses	0.70	0.22
Professional charges	0.22	0.32
Repair and maintenance - machinery	—	0.01
Others	2.57	4.36

Note 40 – EARNINGS IN FOREIGN CURRENCY

(Rs. in Crores)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
F.O.B value of export	174.67	188.10
Others	9.69	2.34

Note 41 – CURRENT ASSETS, LOANS & ADVANCES

In the opinion of the Board of Directors, current assets, loans and advances are having the value at which they are stated in the Balance Sheet, if realised in the ordinary course of business save as otherwise stated in this Balance Sheet.

Note 42 – DETAILS OF DERIVATIVE INSTRUMENTS OUTSTANDING ON MARCH 31, 2015

(Rs. in Crores)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Cross Currency Swaps	—	1.05

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

Trade Receivables	40.89	29.25
Trade Payables	6.00	4.99
Loans (Secured)		
Buyer's credit facility	16.65	23.43
Term loan	6.88	9.72
Packing credit facility	37.63	38.25

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2015 (Contd.)

Note 43 – INFORMATION PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENTS WITH STOCK EXCHANGES

(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, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Rasa Autocom Limited	Step Down Subsidiary	34.76	19.18	49.73	19.19
Rico Jinfei Wheels Limited	Step Down Subsidiary	32.36	34.89	51.89	34.89
Uttarakhand Automotives Limited	Subsidiary	13.25	23.40	24.28	23.40
Rico Aluminium and Ferrous Auto Components Limited	Step Down Subsidiary	0.01	1.81	1.82	1.81
AAN Engineering Industries Limited	Subsidiary	0.62	1.06	1.06	1.06

Note 44 – The Company'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.1.34 crores (previous year Rs. 1.80 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, 2015	Year ended March 31, 2014
Minimum lease payments		
Due within one year	0.19	1.46
Due for period more than one but less than five years	1.18	5.26
Due for period more than five years	16.13	16.49
Total minimum lease payment	17.50	23.21

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 Investment 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 (refer note 52)	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
Magpie Properties Private Limited	Entity in which KMP exercise significant influence
Raasaa Retail Private Limited	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

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2015 (Contd.)

* A Subsidiary Company namely Rico Investments Limited has been incorporated on January 7, 2015. The Company has made an investment of Rs.46.00 crores in the Equity Share Capital and Rs.44.00 crores in the Preference Share Capital, (Compulsorily convertible Preference Shares) in aggregate amounting to Rs.90.00 crores. Rico Investments Limited is a Core Investment Company (CIC) - NBFC, incorporated for the purpose of acquiring and holding strategic Investments in the Group Companies of Rico Auto Industries Limited. The Company holds investment 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 B.M Jhamb – Company Secretary*

*as per Companies Act, 2013

C. Transactions with Related Parties

(Rs. in Crores)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
A Step Sown Subsidiary/Subsidiary		
1. Rasa Autocom Limited		
Transactions during the year		
Purchase of goods	4.94	10.42
Sale of goods	3.27	0.28
Purchase of assets	4.90	0.06
Sale of assets	0.50	0.25
Job work income	—	0.01
Job work expenses	0.75	—
Administration, finance, production support service	—	0.28
Loan given	21.88	19.27
Loan received back	5.52	0.26
Interest income	—	0.01
Interest received on advances written off	5.10	—
Guarantees given	8.00	43.00
Balance outstanding		
Balance recoverable	0.20	—
Loans given	34.76	19.18
2. Rico Jinfei Wheels Limited		
Transactions during the year		
Purchase of goods	0.04	0.69
Sale of goods	0.35	0.87
Job work expense	0.13	0.17
Sale of assets	0.10	0.26
Job work income	0.02	0.01
Administration, finance, production support service	—	0.22
Loan given	31.12	10.26
Loan received back	18.02	0.13
Interest income	—	1.75
Interest received on advances written off	12.53	—
Guarantees given	10.00	10.00
Balance outstanding		
Balance recoverable	3.51	—
Loans given	32.36	34.89
3. Rico Aluminium and Ferrous Auto Components Limited (formerly RAA Autocom Limited)		
Transactions during the year		
Purchase of goods	4.59	—
Rent income	0.13	—
Advance given for purchases	0.18	—

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2015 (Contd.)

(Rs. in Crores)		
Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Loan given	0.01	0.01
Interest income	0.01	—
Interest received on advances written off	1.80	—
Proceeds from sale of business divisions	44.40	—
Job work expenses	0.25	—
Balance outstanding		
Balance payable	4.58	—
Loans given	0.01	1.81
4. Rico Auto Industries Inc, USA		
Transactions during the year		
Sale of goods	90.61	78.43
Balance outstanding		
Balance recoverable	24.73	8.30
5. Rico Auto Industries (UK) Limited, UK		
Transactions during the year		
Sale of goods	29.73	44.92
Balance outstanding		
Balance recoverable	3.40	7.93
6. AAN Engineering Industries Limited		
Transactions during the year		
Purchase of assets	0.02	—
Rent income	0.03	0.01
Loan given	0.07	1.23
Loan received back during the year	—	0.67
Interest received on advances written off	0.05	—
Reimbursement of expenses	0.03	—
Balance outstanding		
Balance recoverable	0.44	—
Loans given	0.62	1.06
7. Uttrakhand Automotives Limited		
Transactions during the year		
Provision created on advances given	8.67	—
Loan given	0.89	0.07
Interest received on advances written off	11.02	—
Balance outstanding		
Loans given	13.27	23.40
8. Rico Investment Limited		
Transactions during the year		
Investment made	90.00	—
Proceeds from sale of investment	1.50	—
B Joint venture		
1. FCC Rico Limited		
Transactions during the year		
Purchase of goods	7.41	8.77
Sale of goods	31.45	51.27
Job work income	—	0.85
Administration, finance, production support service	12.53	13.85
Dividend received	7.03	2.96
Balance outstanding		
Balance recoverable	1.74	4.48

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2015 (Contd.)

(Rs. in Crores)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
2. Magna Rico Powertrain Private Limited		
Transactions during the year		
Job work income	0.02	—
Sale of goods	5.70	3.93
Miscellaneous sales	0.12	0.41
Investments made during the year	—	1.50
Balance outstanding		
Balance recoverable	1.85	1.44
C Entity in which KMP exercise significant influence		
1. Rico casting limited		
Transactions during the year		
Purchase of goods	11.35	21.76
Sale of goods	7.38	1.22
Purchase of assets	4.51	2.20
Miscellaneous sales	0.03	0.05
Job work expense	3.18	3.48
Administration, finance, production support service	—	0.34
Loan given	69.29	—
Loan received back	72.26	0.74
Balance outstanding		
Balance recoverable	—	5.17
Balance payable	1.22	—
2. Kapbros Engineering Industries Limited		
Transactions during the year		
Purchase of goods	2.64	1.86
Sale of goods	2.01	5.00
Purchase of assets	1.03	2.97
Sale of assets	2.02	0.26
Job work expense	16.67	12.17
Administration, finance, production support service	—	0.28
Job work income	—	0.27
Balance outstanding		
Balance recoverable	1.69	5.99
3. Kapsons Associates Investments Private Limited		
Transactions during the year		
Rent paid	0.38	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	4.55	—
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 Notes for the year ended March 31, 2015 (Contd.)

(Rs. in Crores)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
D. Key management persons		
Remuneration paid to key management personnel		
Arvind Kapur	1.35	1.40
Arun Kapur	0.48	0.48
O.P Aggarwal	0.86	0.83
B.M. Jhamb	0.27	0.28

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 Rs. 1.54 crores (previous year Rs. 2.74 crores) were pledged by Kapsons Associates Investments Private Limited.

Note 46 – INVESTMENTS IN JOINT VENTURES

S. No.	Joint Venture	Location	Principal Activities	Ownership Interest
1	FCC Rico Limited (FCC)(Refer Note 52)	India	Manufacture and sale of auto components	50%
2	Magna Rico Powertrain Private Limited (Magna)	India	Manufacture and sale of auto components	50%

The Company's share of the assets, liabilities, income and expenditure of the joint ventures (under jointly controlled entities) are as follows:

(Rs. in Crores)

Particulars	Magna		FCC	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Liabilities				
Reserves and surplus	(4.13)	(7.13)	—	107.57
Non-current liabilities	0.13	0.07	—	24.73
Current liabilities	7.95	6.04	—	106.52
Assets				
Non-current assets	10.29	10.01	—	93.26
Current assets	14.78	10.45	—	150.63
Income	31.17	21.50	409.63	450.54
Expenses	28.11	22.31	387.90	449.69
Profit after tax and prior period items	3.06	(0.81)	21.73	(7.14)

The Company's share of the contingent liability and capital commitment of the joint ventures (under jointly controlled entities) are as follows:

(Rs. in Crores)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Service tax	—	1.76
Excise duty	—	0.06
Custom duty	—	0.07
Income tax	—	4.04
	—	5.93
	0.21	0.74
Export obligation to be undertaken by the Company under EPCG Licence	0.21	6.67
Capital commitment	2.00	0.97

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2015 (Contd.)

Note 47 – Segment information as required under AS-17 “Segment Reporting”, has been provided in the consolidated financial statements of the Company and therefore no separate disclosure on segment information is given in these standalone financial statements.

Note 48 – In accordance with Accounting Standard 11 “The effects of Changes in Foreign Exchange Rates”, the Company has 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	Year ended March 31, 2015	Year ended March 31, 2014
Un-amortised exchange differences	6.54	12.21

Note 49 – During the current year, the Company has carried out a comprehensive review of its business activities/investment in Subsidiaries and has identified certain businesses undergoing continuing pressure. In order to turnaround these business divisions, the management has, with a strategic view and bring in more focused attention on these businesses, have decided to restructure its business activities to ensure optimize operational efficiency and consequently maximize the shareholders’ value. As part of the restructuring, the Company after obtaining the shareholders approval on March 14, 2015.

- A. Sold its (i) Ferrous based Auto Components Business Division located at Gurgaon and Manesar (Haryana) (“Ferrous Undertaking”) and (ii) Non-ferrous based Auto Components Business Division located at Sanand (Non-ferrous undertaking) (collectively may be referred as “Undertaking”); to its one of the Subsidiary Companies namely Rico Aluminium and Ferrous Auto Components Limited “RAFA” (formerly known as RAA Autocom Limited) as going concern on a slump sale basis and on arm’s length. The lump sum sale consideration for Ferrous and Non-ferrous Undertaking is Rs.39.59 crores and Rs.4.81 crores respectively, which has been arrived at without values being assigned at individual assets and liabilities, is received by the Company. Consequently, loss of Rs.173.62 crores has been recorded under exceptional items. The following statement shows the revenue and expenses of continuing and discontinuing operations:

(Rs. in Crores)						
Particulars	Continuing Operations		Discontinuing Operations		Total	
	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2014
Revenue:						
Revenue from operations (gross)	645.42	766.82	267.43	242.15	912.85	1,008.97
Less : Excise duty	52.10	62.47	19.54	16.11	71.64	78.58
Revenue from operations (net)	593.32	704.35	247.89	226.04	841.21	930.39
Other income	30.75	36.20	0.30	(3.55)	31.05	32.65
Total Revenue	624.07	740.55	248.19	222.49	872.26	963.04
Expenses:						
Cost of raw materials and components consumed	324.27	412.05	109.03	85.57	433.30	497.62
Changes in inventories of finished goods and work in progress	(8.21)	12.73	10.99	0.26	2.78	12.99
Employee benefits expenses	83.51	80.77	33.39	33.05	116.90	113.82
Finance costs	28.56	44.20	18.41	15.16	46.97	59.36
Depreciation and amortization	43.19	50.20	21.03	21.13	64.22	71.33
Other expenses	149.06	124.84	84.08	79.02	233.14	203.86
Prior period items (net)	(1.27)	(0.01)	-	(0.03)	(1.27)	(0.04)
Total Expenses	619.11	724.78	276.93	234.16	896.04	958.94

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2015 (Contd.)

(Rs. in Crores)

Particulars	Continuing Operations		Discontinuing Operations		Total	
	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2014
(Loss)/profit before exceptional items and tax	4.96	15.77	(28.74)	(11.67)	(23.78)	4.10
Exceptional items	(396.39)	-	175.45	-	(220.94)	-
Profit before tax	401.35	15.77	(204.19)	(11.67)	197.16	4.10
Tax expenses	23.35	5.12	1.94	(3.65)	25.29	1.47
Profit for the year	378.00	10.65	(206.13)	(8.02)	171.87	2.63

Amounts included in the balance sheet pertaining to discontinuing operations are: assets of Rs. Nil (previous year Rs.274.35 crores) and liabilities of Rs. Nil (previous year Rs.193.72 crores).

- B. Sold investments in Subsidiaries namely Rico Aluminium and Ferrous Auto Components Limited (formerly RAA Autocom Limited), Rasa Autocom Limited and Rico Jinfei Wheels Limited for an aggregate consideration of Rs.1.50 crores to another Subsidiary Company namely Rico Investments Limited incorporated for the purpose of holding the investment in the Group Companies as a Core Investment Company. The aforesaid consideration has been determined on arm's length based on valuation report of an Independent Valuer. Consequently, loss of Rs.49.07 crores has been recorded under exceptional items.

Note 50 – Exceptional items include the following:

a. 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 has recorded a gain of Rs. 491.05 crores. Further, legal and professional expenses of Rs. 4.42 crores are incurred in relation to sale of investment in FCC Rico Limited, have been netted from the sale consideration.

b. Loss on sale of business divisions

As detailed in Note 48A above, the Company has sold its (a) Ferrous Undertaking and (b) Non- Ferrous based auto components business division on a going concern basis and has recorded a loss of Rs. 173.62 crores.

c. Loss on sale of investments in subsidiaries

As detailed in Note 48B above, the Company has sold its investment in Rico Aluminium and Ferrous Auto Components Limited (formerly known as RAA Autocom Limited), Rasa Autocom Limited and Rico Jinfei Wheels Limited and has recorded a loss of Rs. 49.07 crores.

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

During the year, the Company entered into settlement agreement with Rico Aluminium and Ferrous Auto Components Limited (formerly known as RAA Autocom Limited), Utrakhand Automotive 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 Utrakhand Automotive Limited has been provided for.

e. Other items

Exceptional item also include expenditure incurred pursuant to voluntary retirement scheme of the Company amounting to Rs. 2.58 crores and assets write off amounting to Rs. 1.25 crores.

Note 51 – Effective from April 1, 2014, the Company has charged depreciation based on the revised remaining useful life of the assets as per the requirement of Schedule II of the Companies Act, 2013. Further, based on transitional provision provided in Note 7(b) of Schedule II, an amount of Rs. 2.89 crores (depreciation of Rs. 4.28 crores, related tax impact of Rs.1.39 crores) has been adjusted against retained earnings. Based on the technical estimate and history of usage, the Company has retained useful life of certain categories of plant and machinery which is higher than the useful life as indicated in Schedule II. Owing to aforementioned change in estimate (except for certain categories of plant and machinery where the earlier useful life is retained), depreciation charge for the year is lower by Rs. 0.79 crores.

Note 52 – During the year, 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 Co. Ltd., Japan for a total gross consideration of Rs.495.00 crores to FCC Co. Ltd., Japan and/or its affiliates as on December 23, 2014. The transaction was carried out at arm's length based on valuation performed by the valuation expert.

Summary of Significant Accounting Policies and other Explanatory Notes for the year ended March 31, 2015 (Contd.)

Note 53 – As per the transfer pricing norms applicable in India, the Company is required to use certain specified methods in computing arm's length price of transactions between the associated enterprises and maintain prescribed information and documents related to such transactions. The appropriate method to be adopted will depend on the nature of the transactions/class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Company is in the process of conducting a transfer pricing study for the current financial period. However, in the opinion of the management the same would not have a material impact on these financial statements. Accordingly, these financial statements do not include any adjustments for the transfer pricing implications, if any.

Note 54 – 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 : 28th May, 2015

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)

CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2015

INDEPENDENT AUDITOR'S REPORT

To the Members of Rico Auto Industries Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Rico Auto Industries Limited, ("the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and jointly controlled companies, which comprise the Consolidated Balance Sheet as at March 31, 2015, 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.

Management's Responsibility for the Consolidated Financial Statements

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 companies, 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 of the subsidiaries included in the Group and of its jointly controlled companies 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.

Auditor's Responsibility

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 and matters which are required to be included in the auditor's 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 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, but not for the purpose of expressing an opinion on whether the Holding Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

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 companies 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 its jointly controlled companies as at March 31, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matter

9. a) We did not audit the financial statements of five subsidiaries and two jointly controlled companies, included in the consolidated financial statements, whose financial statements reflect total assets (after eliminating intra-group transactions) of Rs. 126.65 crores as at March 31, 2015, total revenues (after eliminating intra-group transactions) of Rs. 480.36 crores and net cash flows amounting to Rs. (5.39) crores for the year ended on that date. These financial statements 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 respect of these subsidiaries and jointly controlled companies, and our report in terms

CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2015

of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and jointly controlled companies, is based solely on the reports of the other auditors.

- b) Statement on the matters specified in paragraphs 3 and 4 of the Order, given as annexure to this report does not include, matters relating to one jointly controlled company, FCC Rico Limited, since during the year the Holding Company sold all of its shares in the jointly controlled company and therefore at the year end, FCC Rico Limited, ceased to be either a jointly controlled company or an associate.

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 matter with respect to our reliance on the work done by and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of Section 143(11) of the Act, and based on the comments in the auditor's reports of the subsidiary companies and jointly controlled companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
11. As required by Section 143(3) of the Act, and based on the auditor's reports of the subsidiaries and jointly controlled companies not audited by us, we report, to the extent applicable, that:
- 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 of the aforesaid consolidated financial statements;
 - In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
 - The consolidated financial statements dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
 - In our opinion, the aforesaid consolidated 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);
 - On the basis of the written representations received from the directors of the Holding Company as on March 31, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies and jointly controlled companies incorporated in India, none of the directors of the Group companies and jointly controlled companies,

incorporated in India is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

- f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- As detailed in Note 35(I), the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its jointly controlled companies;
 - The Group and its jointly controlled companies did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary companies and jointly controlled companies incorporated in India.

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Ashish Gupta**

Partner

Place : Gurgaon

Dated : 28th May, 2015

Membership No.: 504662

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF RICO AUTO INDUSTRIES LIMITED, ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

Based on the audit procedures performed for the purpose of reporting a true and fair view on the consolidated financial statements of the Holding Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit and based on the comments in the auditor's reports of the subsidiary companies and jointly controlled companies incorporated in India (to the extent applicable) (collectively hereinafter referred to as the "Indian entities of the Group"), we report that:

- The Holding Company, five subsidiary companies and one jointly controlled company, having fixed assets, have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - The Holding Company, five subsidiary companies and one jointly controlled company which have fixed assets have a regular program of physical verification of its fixed assets under which the fixed assets of the Holding Company and

CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2015

two subsidiary companies are verified in a phased manner over a period of three years and the fixed assets of the three subsidiary companies and one jointly controlled company are physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion and the opinion of other auditors, the frequency of verification of the fixed assets is reasonable having regard to the size of these companies and the nature of its assets.

- (ii) a) Two subsidiary companies incorporated in India do not have any tangible inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable to them. The management of the Holding Company, three subsidiary companies and one jointly controlled company incorporated in India has conducted physical verification of inventory at reasonable intervals during the year.
- b) The procedures of physical verification of inventory followed by the management of Indian entities of the Group referred to in (ii)(a) above, are reasonable and adequate in relation to the size and the nature of their business.
- c) Entities referred to in (ii)(a) above, are maintaining proper records of inventory and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) Five subsidiary companies and one jointly controlled company incorporated in India have not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 in the respective entities. Accordingly, the provisions of clauses 3(iii)(a) and 3(iii)(b) of the Order are not applicable. However, Holding Company has granted unsecured loans (short term and long term) to companies covered in the register maintained under Section 189 of the act, which have been eliminated upon consolidation; and with respect to the same:
 - a) in relation to short term unsecured loan, the principal amounts are repayable on demand and since the repayment of such loans has not been demanded, in our opinion, receipt of the principal amount is regular; and; in relation to long term loan, the principal amount is not due for repayment currently; and
 - b) there is no overdue amount in respect of loans (short term and long term) granted to such companies.
- (iv) Owing to the nature of its business, two of the subsidiary companies incorporated in India do not maintain any physical inventories or sells any goods or services. Further, there are no transactions pertaining to purchase of fixed assets or sale of services in respect to one of the aforementioned subsidiary companies. Accordingly, clause 3(iv) of the Order with respect to purchase of inventories and sale of goods and services is not applicable to both the subsidiaries and not applicable to one of aforementioned subsidiary with respect to purchase of fixed assets. In opinion of the auditor of the subsidiary company, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for

the purchase of fixed assets. During the course of our audit, no major weakness has been noticed in the internal control system in respect of this area.

In our opinion and on consideration of the comments in the reports of the other auditors, in respect to the Holding Company, three subsidiary companies, and one jointly controlled company incorporated in India; there is an adequate internal control system commensurate with the size of respective companies and the nature of their business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit and on consideration of the comments in the reports of the other auditors, no major weakness has been noticed in the internal control system in respect of these areas.

- (v) None of the Indian entities of the Group have 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 to them.
- (vi) To the best of our knowledge and belief, the Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of products of three subsidiary companies incorporated in India. Accordingly, the provisions of clause 3(vi) of the Order are not applicable to them. We, in case of the Holding Company and one of the Subsidiary Company, incorporated in India and other auditors in case of Jointly Controlled Company and one Subsidiary Company, incorporated in India, have broadly reviewed the books of account maintained by the respective Companies 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 Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, they had 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, wealth tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues, as applicable, have been regularly deposited with the appropriate authorities except in case of Holding Company and one subsidiary company incorporated in India wherein there have been significant delays in a large number of cases and slight delay in case of one subsidiary company. 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 become payable.
- b) There are no dues in respect of income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess that have not been deposited with the appropriate authorities on account of any dispute in five subsidiary companies and one jointly controlled company incorporated in India. Disputes in respect of Holding Company are as follows:

CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2015

Name of the statute	Nature of dues	Amount (Rs. in crores)	Amount Paid Under Protest (Rs. in crores)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Errors and mismatch of challans in returns filed to Income Tax Department	0.18	Nil	Assessment year 2013-14	Assessing Officer, Income Tax Department
Haryana VAT Act, 2003	Disallowance of certain expenses	0.04	Nil	Financial year 2007-08	Deputy Excise and Taxation Commissioner
Haryana VAT Act, 2003	Denial of input credit on purchase of furnace oil	0.22	Nil	Financial year 2007-08	Joint Commissioner
Central Excise Act, 1944	Claim of cenvat on roof ventilator, evaporating cooling machine and others	0.47	0.03	Financial year 2005-06	Custom Excise & Service Tax Appellate Tribunal
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)	2.71	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	1.47	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	2.15	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.	0.42	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 cab	1.30	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	0.19	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	0.29	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.	0.01	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.	0.73	Nil	Financial year 2011-12 to 2012-13	Commissioner of Central Excise (Appeals)
Finance Act, 1994	Claim of cenvat on outward freight	0.25	Nil	Financial year 2005-06 to 2006-07	Commissioner of Central Excise (Appeals)
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
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)

Note: Holding Company has furnished a bond and bank guarantee of Rs. 0.42 crore and Rs. 0.004 crore respectively

CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2015

- c) The holding Company has transferred the amount required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder within the specified time. The subsidiary companies and jointly controlled companies incorporated in India did not have any dues on account of Investor Education and Protection Fund.
- (viii) The Holding Company and jointly controlled company incorporated in India has no accumulated losses at the end of the financial year and they have not incurred cash losses in the current and the immediately preceding financial year. In respect of four subsidiary companies incorporated in India, the accumulated losses at the end of the financial year are more than fifty percent of its net worth and the accumulated losses of one subsidiary company incorporated in India at the end of the financial year are less than fifty percent of its net worth. Two subsidiary companies incorporated in India have incurred cash losses in the current and the immediately preceding financial year. Three subsidiary companies incorporated in India have not incurred cash losses in the current year but had incurred cash losses in the immediately preceding financial year.
- (ix) Three subsidiary companies incorporated in India have no dues payable to a financial institution or a bank or debenture-holders during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable to them. One jointly controlled company and two subsidiary companies incorporated in India have not defaulted in repayment of dues to any bank or to financial institutions during the year. These companies have no dues payable to debenture holders during the year. The Holding Company has no dues payable to debenture-holders. The Holding Company has defaulted in repayment of dues to the following banks and financial institutions:

Name of bank	Amount (Rs. in crores)	Due date	Delay in days until 31 March 2015
Axis Bank - Term Loan III	1.79 1.79	June 30, 2014 Sept. 30, 2014	1 4
Axis Bank - Term Loan II	2.14	May 27, 2014	9
State Bank of Patiala - I	2.50	June 21, 2014	79

State Bank of Patiala - II	3.09 1.08	April 7, 2014 April 7, 2014	25 28
State Bank of Hyderabad - I	1.07 1.79 2.86	April 30, 2014 April 30, 2014 July 31, 2014	1 5 22
State Bank of Hyderabad - II	2.14 1.40 0.74	June 15, 2014 Sept. 15, 2014 Sept. 15, 2014	1 14 16
Exim Bank Term Loan	1.60 0.12 1.72	May 22, 2014 May 22, 2014 Aug. 22, 2014	14 35 20
Exim Bank - USD	0.61 0.61	May 22, 2014 Aug. 22, 2014	32 28

- (x) Five subsidiary companies and one jointly controlled company incorporated in India have not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 3(x) of the Order are not applicable to them. The terms and conditions on which the Holding Company has given guarantee for loans taken by two subsidiary companies, which have been consolidated, from banks or financial institutions are not, *prima facie*, prejudicial to the interest of the Holding Company.
- (xi) Two subsidiary companies and one jointly controlled company incorporated in India did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(xi) of the Order are not applicable to them. The Holding Company and three subsidiary companies incorporated in India have applied the term loans for the purpose for which these loans were obtained.
- (xii) No fraud on or by any of the Indian entities of the Group has been noticed or reported during the course of audit by the respective auditors

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Ashish Gupta**

Partner

Membership No.: 504662

Place : Gurgaon
Dated : 28th May, 2015

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2015

	Notes	As at March 31, 2015 (Rs. in Crores)	As at March 31, 2014 (Rs. in Crores)
I Equity and liabilities			
1. Shareholders' funds			
a) Share capital	6	13.53	13.53
b) Reserves and surplus	7	437.47	335.28
		<u>451.00</u>	<u>348.81</u>
Minority Interest		3.66	—
2. NON-CURRENT LIABILITIES			
a) Long term borrowings	8	87.65	95.76
b) Deferred tax liabilities (net)	9	11.63	37.46
c) Other long-term liabilities	10	1.11	1.21
d) Long term provisions	11	11.57	10.27
		<u>111.96</u>	<u>144.70</u>
3. CURRENT LIABILITIES			
a) Short term borrowings	12	58.45	170.71
b) Trade payables	13	140.68	267.54
c) Other current liabilities	14	76.06	199.75
d) Short-term provisions	15	36.59	38.54
		<u>311.78</u>	<u>676.54</u>
TOTAL		<u>878.40</u>	<u>1,170.05</u>
II ASSETS			
1. NON-CURRENT ASSETS			
a) Fixed assets			
I) Tangible assets	16	398.72	670.10
II) Intangible assets	16	0.28	2.09
III) Capital work-in-progress	16	34.19	34.89
b) Long term loans and advances	17	66.85	41.85
c) Other non current assets	18	0.05	0.32
		<u>500.09</u>	<u>749.25</u>
2. CURRENT ASSETS			
a) Current investments	19	48.50	—
b) Inventories	20	108.60	158.49
c) Trade receivables	21	146.58	166.98
d) Cash and bank balances	22	5.40	10.72
e) Short-term loans and advances	23	58.81	69.69
f) Other current assets	24	10.42	14.92
		<u>378.31</u>	<u>420.80</u>
TOTAL		<u>878.40</u>	<u>1,170.05</u>

The accompanying notes (1 to 51) are an integral part of the financial statements.
This is the Consolidated Balance Sheet referred to in our report of even date.

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

per **Ashish Gupta**
Partner

Sanjay Syal
Chief Financial Officer

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)

Place : Gurgaon
Dated : 28th May, 2015

B.M.Jhamb
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

	Notes	Year ended March 31, 2015 (Rs. in Crores)	Year ended March 31, 2014 (Rs. in Crores)
REVENUE			
Revenue from Operations (Gross)	25	1,486.76	1,634.40
Less : Excise Duty		140.46	154.30
Revenue from Operations (Net)		1,346.30	1,480.10
Other Income	26	32.43	26.08
Total Revenue		1,378.73	1,506.18
EXPENSES			
Cost of Raw Material and Components Consumed	27	791.82	875.98
Change in Inventories of Finished Goods and Work in Progress	28	(2.73)	15.43
Employee Benefits Expenses	29	150.78	151.06
Finance Costs	30	52.76	67.38
Depreciation and Amortisation	16	84.60	94.32
Other Expenses	31	320.20	289.11
Prior Period Items (net)	32	(10.76)	—
Total Expenses		1,386.67	1,493.28
(Loss)/profit before exceptional items and tax		(7.94)	12.90
Exceptional Items	33	(194.49)	0.33
Profit Before Tax (A)		186.55	12.57
Loss for the year from Continuing Operations Before Tax		(207.66)	(12.62)
Tax Expenses			
1) Current Tax		—	3.24
2) Reversal of MAT Credit Entitlement		(0.93)	—
3) Deferred Tax		(22.38)	(1.07)
4) Income Tax Earlier Years		(0.60)	—
Tax Expense/ (Credit) for Continuing Operations (B)		(23.91)	2.17
Loss for the year from Continuing Operations After Tax		(183.75)	(14.79)
Profit for the year from Discontinued Operations Before Tax (refer note 46)		21.75	25.19
Profit on Transfer of Assets and Liabilities of Discontinued Operations (refer note 46)		372.46	
Tax Expenses			
1) Current Tax		58.13	9.70
2) Reversal of MAT Credit Entitlement		—	(0.11)
3) Deferred Tax		(1.25)	(1.89)
4) Income Tax Earlier Years		(0.03)	—
Tax Expense for Discontinuing Operations (C)		56.84	7.70
Profit for the year from Discontinued Operations After Tax (refer note 46)		337.37	17.49
Net Profit for the Year (A-B-C)		153.62	2.70
Minority Interest		0.19	(0.71)
Profit Attributable to Owners of the Company		153.43	3.41
Basic and diluted earning per equity share [nominal value of share Re.1/-(March 31, 2014 : Re.1/-)]	34	11.34	0.20

The accompanying notes (1 to 51) are an integral part of the financial statements.
This is the Consolidated 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 : 28th May, 2015

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)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

	Year ended March 31, 2015 (Rs. in Crores)	Year ended March 31, 2014 (Rs. in Crores)
A. Cash flow from operating activities		
Net profit before tax	186.55	12.57
Adjustments for:		
Depreciation and amortisation	84.60	94.32
Finance cost	52.76	67.38
Interest income	(3.23)	(2.05)
Profit on sale of current investments	(2.30)	—
Profit on sale of non current investments	(376.86)	—
Impairment loss	174.12	—
Assets written off	1.26	—
Exchange rate fluctuation (net)	6.61	6.17
Dividend Income	(0.00)	—
Provision for mark to market losses	—	0.34
Operating profit before working capital changes	123.51	178.73
Adjustments for:		
(Increase)/Decrease in trade and other receivables	(5.12)	11.94
Decrease in inventories	49.89	16.20
(Decrease)/Increase in trade and other payables	(188.91)	102.35
Cash generated from operations	(20.63)	309.22
Direct taxes paid*	(46.54)	(18.18)
Net cash generated from/(used in) in operating activities	(67.17)	291.04
B. Cash flow from investing activities		
Purchase of fixed assets/Addition to capital work in progress	(194.03)	(84.48)
Proceeds from sale of fixed assets	34.82	11.74
Purchase of mutual fund	(417.30)	—
Purchase from Sale of mutual funds	371.11	—
Proceeds on Sale of joint venture company, FCC Rico Limited**	495.00	—
Movement in fixed deposits	(0.43)	(1.46)
Interest income	3.23	2.05
Dividend income	0.00	—
Net cash generated from/ (used in) investing activities	292.40	(72.15)
C. Cash flow from financing activities		
Minority interest	3.70	—
Proceeds from long term borrowings	246.01	11.81
Repayment of long term borrowings	(297.08)	(75.06)
Net (repayment) of short term borrowings	(112.26)	(86.08)
Interest paid	(53.82)	(68.51)
Dividend paid	(17.84)	(2.86)
Net cash used in financing activities	(231.29)	(220.70)
Net increase/(decrease) in cash and cash equivalents	(6.06)	(1.81)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

	Year ended March 31, 2015 (Rs. in Crores)	Year ended March 31, 2014 (Rs. in Crores)
Cash and cash equivalents at the beginning of the year	8.91	10.72
Cash and cash equivalents at the end of the year	2.85	8.91
	<u>(6.06)</u>	<u>(1.81)</u>
* includes tax paid amounting to Rs. 44.73 crores on sale of joint venture company, FCC Rico Limited.		
** The proceeds from sale of FCC Rico Limited were realised in cash.		
Note: Cash and cash equivalents includes		
Cash and cheques on hand	0.26	0.38
Balance with banks	2.59	8.53
Cash and bank balances	2.85	8.91

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

For **Walker Chandiok & Co LLP**

Chartered Accountants

per **Ashish Gupta**

Partner

Sanjay Syal

Chief Financial Officer

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)

Place : Gurgaon

Dated : 28th May, 2015

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, 2015 (Contd.)

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 PREPARATION

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 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 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 Reserves and Surplus as applicable, under 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, 2015	As at March 31, 2014
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 Investment Limited	Subsidiary	India	92.56%	—
6.	Rico Aluminium and Ferrous Auto Components Limited (formerly RAA Autocom Limited)	Step down subsidiary	India	92.56%	100%
7.	Rasa Autocom Limited	Step down subsidiary	India	92.56%	100%
8.	Rico Jinfei Wheels Limited	Step down subsidiary	India	85.62%	92.50%
9.	FCC Rico Limited	Joint Venture	India	-	50%
10.	Magna Rico Powertrain Private Limited	Joint Venture	India	50%	50%

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2015 (Contd.)

Note 4 – USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with the principles generally accepted in India requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities on the date of consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

Note 5 – SIGNIFICANT ACCOUNTING POLICIES

i) Revenue Recognition

a. Revenue from sale of goods

Revenue from sale of goods is recognised upon transfer of significant risks and rewards incident to ownership and when no significant uncertainty exists regarding realization of the sale consideration. Sales are recorded net of sales returns, rebates, trade discounts and price differences and are inclusive of excise duty.

b. Revenue from sale of services

Service income comprising technical and other support services fee is recognised as per the terms of the agreement. Revenue in respect of time and material contracts are recognized based on time spent in accordance with the contractual terms.

c. Duty draw back and export incentive

Export benefit entitlements are recognised in the statement of profit and loss when the right to receive benefit is established in respect of the exports made.

d. Interest income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

e. Dividend income

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

ii) Fixed Assets and Intangibles

a. Tangible assets

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes all expenses, direct and indirect, specifically attributable to its acquisition and bringing it to its working condition for its intended use.

Incidental expenditure pending allocation and attributable to the acquisition of fixed assets is allocated/capitalized with the related fixed assets.

b. Intangible assets

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.

iii) Depreciation and Amortisation

Till the year ended March 31, 2014, depreciation rates prescribed under Schedule XIV of Companies Act, 1956 were used for charging depreciation. From the current year, schedule XIV has been replaced by Schedule II of Companies Act, 2013. Schedule II of Companies Act, 2013 prescribed the useful lives of fixed asset which, in many cases, are different from lives prescribed under Schedule XIV.

The useful life of fixed assets has been reassessed and computed depreciation as provided in Schedule II to the Companies Act, 2013.

Description	Period	Method
Building (Road)	5-60 years	Straight line method
Plant and machinery	10-20 years	Straight line method
Furniture and fixtures	10 years	Written down value method
Office equipment	5 years	Written down value method
Vehicles	8 years	Written down value method

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

Intangible assets are being amortised on written down value method over the useful life, not exceeding 10 years, as estimated by

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2015 (Contd.)

management to be the economic life of the asset over which economic benefits are expected to flow.

iv) Inventories

Inventories are valued as follows:

a. *Raw materials and loose tools*

Lower of cost or net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

b. *Work in progress*

Work in progress is valued at cost up to the stage of completion. Cost includes direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.

c. *Finished goods*

Finished goods are valued at lower of cost or net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity. Cost of finished goods includes excise duty.

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

v) Investments

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

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

vi) Employee Benefits

Wages, salaries, bonuses, paid annual leave and sick leave are accrued in the year in which the associated services are rendered by employees of the Group. The Group also provides benefit of compensated absences under which un-availed leaves are allowed to be accumulated and can be availed in future.

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

a. *Provident fund and Employee State Insurance scheme*

Provident fund benefit and Employee State Insurance benefit are defined contribution plans under which the Group pays fixed contributions into funds established under Employee Provident Fund and Miscellaneous Provision Act, 1952 and Employee State Insurance Act, 1948 respectively. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognised in respect of defined contribution plans are expensed as they accrue. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets, respectively, as they are normally of a short term nature.

b. *Gratuity*

Gratuity is a post-employment benefit and is in the nature of defined benefit plan. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit obligation as at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses. Parent Company maintains Gratuity Fund which is administered through Life Insurance Corporation of India. The defined benefit obligation is calculated at the balance sheet date on the basis of actuarial valuation by an independent actuary using projected unit credit method. 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.

c. *Compensated Absences*

The Group 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. The Parent Company maintains Leave encashment fund which is administered through Life Insurance Corporation of India and India First Life Insurance Company Limited.

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2015 (Contd.)

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 capitalized. 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.

x) Derivative Instruments

The Parent Company uses foreign exchange forward contracts to hedge its exposure towards underlying assets or liability or for highly probable and forecasted transactions. These foreign exchange forward contracts are not used for trading or speculation purposes.

a. Forward contracts taken for highly probable/ forecast transactions

Such forward exchange contracts are marked to market at the balance sheet date if such mark to market results in exchange loss such exchange loss is recognised in the statement of profit and loss immediately. Any gain is ignored and not recognised in the financial statements in accordance with the principles of prudence enunciated in Accounting Standard 1- Disclosure of Accounting Policies notified under the Companies Act, 1956.

b. Forward contracts where an underlying asset or liability exists

In such case, the difference between the forward rate and the exchange rate at the inception of the contract is recognised as income or expense over the life of the contract.

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.

xi) 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.

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2015 (Contd.)

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 recognized 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 recognized 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.

xii) **Leases**

a. *Operating leases*

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

b. *Finance leases*

Assets acquired on lease where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalized 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.

xiii) **Provisions and Contingencies**

The Group 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.

xiv) **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.

xv) **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.

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2015 (Contd.)

	As at March 31, 2015 (Rs. in Crores)		As at March 31, 2014 (Rs. in Crores)	
Note 6 – SHARE CAPITAL				
a) AUTHORIZED				
25,00,00,000 equity shares of Re.1/- each		25.00		25.00
(Previous year 25,00,00,000 Equity shares of Re.1/- each)				
50,00,000 redeemable preference shares of Rs.10/- each		5.00		5.00
(Previous year 50,00,000 shares of Rs.10/- each)				
		<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		13.53		13.53
(Previous year 13,52,85,000 Equity shares of Re.1/- each)				
		<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				
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	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
Ashish Dhawan	—	—	5.38	7273092
The above information is furnished as per the shareholders register as on Marcht 31, 2015				
f) The Company has not issued bonus shares, equity shares for considerations other than cash and also no shares have been bought back during the period of five years immediately preceding the reporting period.				

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2015 (Contd.)

	As at March 31, 2015 (Rs. in Crores)	As at March 31, 2014 (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 translation reserve		
Opening balance	0.34	0.34
Add : Additions during the year	0.38	—
Less : Utilised/ transferred during the year	—	—
Closing balance	0.72	0.34
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	88.00	83.23
Add : Profit transferred from Statement of Profit and Loss	153.43	2.70
Less: Adjustment to Minority share for sale of investmnt in subsidiary	(0.23)	—
Add : Dividend reversal of the Joint Venture	—	3.67
Less : Proposed dividend on equity shares	27.06	1.36
Less : Corporate dividend tax	5.41	0.24
Less : Interim Dividend	13.53	—
Less : Interim Dividend Tax	2.70	—
Less: Additional depreciation as per schedule II (net of tax) (refer note 48)	3.15	—
Net Surplus as per Statement of Profit and Loss	189.81	88.00
*Rounded off to zero	437.47	335.28

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2015 (Contd.)

	As at March 31, 2015 (Rs. in Crores)	As at March 31, 2014 (Rs. in Crores)
Note 8 – LONG TERM BORROWINGS		
SECURED		
Term loans From bank		
Foreign currency loans	6.88	9.72
Rupee loans	93.97	127.89
From Financial Institutions	23.50	—
Vehicle loans		
From banks	0.70	0.28
	125.05	137.89
Less: Current maturities of long term secured borrowings	38.86	73.63
Total	86.19	64.26
UNSECURED		
From Companies		
Foreign currency loans	—	29.52
Rupee loans	2.62	11.33
	2.62	40.85
Less: Current maturities of long term unsecured borrowings	1.16	9.35
Total	1.46	31.50
	87.65	95.76
Security details and terms of repayment for borrowings covered under Note 8 and Note 14 is as follows:		
A. Secured Loan		
1. Foreign currency term loan from Export Import Bank of India carries interest @ Libor+ 4.50% p.a.(previous year Libor + 4.50%) and is repayable in 20 equal quarterly installments after moratorium of 8 quarters. The term loan is secured by first pari passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	6.88	9.72
2. Rupee term loan from Axis Bank carries interest @ 13.75% p.a. and is repayable in 14 equal quarterly installments after a moratorium of 6 quarters. The term loan is secured by first pari passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	—	8.57
3. Rupee term loan from Axis Bank carries interest @ 13.50% p.a. and is repayable in 14 equal quarterly installments after a moratorium of 6 quarters. The term loan is secured by first pari passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	—	16.07
4. Foreign currency term loan from Export Import Bank of India carries interest @ Base rate+ 2.0% p.a. Based on current spread, the current interest rate ranges from 12.25% p.a. to 12.40%p.a. (PY 11.40%p.a. to 13.10% p.a.) and the loan is repayable in 20 equal quarterly installments after a moratorium of 8 quarters. The term loan is secured by first pari passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	18.65	25.70

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2015 (Contd.)

	As at March 31, 2015 (Rs. in Crores)	As at March 31, 2014 (Rs. in Crores)
5. Rupee term loan from State Bank of Hyderabad carries interest @ 13.20% p.a. and is repayable in 14 equal quarterly installments after a moratorium of 6 quarters. The term loan is secured by first pari passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	—	5.64
6. Rupee term loan from State Bank of Hyderabad carries interest @ 13.20% p.a. and is repayable in 14 equal quarterly installments after a moratorium of 6 quarters. The term loan is secured by first pari passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	—	12.86
7. Rupee term loan from State Bank of Patiala carries interest @ 14.20% p.a. and is repayable in 14 equal quarterly installments after a moratorium of 6 quarters. The term loan is secured by first pari passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	—	7.18
8. Rupee term loan from State Bank of Patiala carries interest @ 14% p.a. and is repayable in 12 equal quarterly installments after a moratorium of 8 quarters. The term loan is secured by first pari passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	—	34.15
9. "Rupee term loan from Syndicate Bank carries interest @ 12.75% p.a. and is repayable in 14 equal quarterly installments after a moratorium of 6 quarters. The term loan is secured by first pari passu charge of all movable fixed assets of the Company (both present and future). Also additionally 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. The lender also has second charge on all current assets of the company.	75.00	—
10. Rupee term loan from Haryana State Industrial and Infrastructure Development Corporation Limited carries interest @ 12.50% p.a. and is repayable in 28 equal quarterly installments after a moratorium of 4 quarters. The term loan is secured by first pari passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of 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 completely on April 29, 2015.	23.50	—
11. Vehicle loans are secured by the hypothecation of vehicles financed and are repayable in equal monthly installments ranging from 35-60 carrying interest @ 10%-10.25% p.a	0.70	0.55
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. The term loan is secured by first charge on entire fixed assets of the subsidiary company Rico Jinfei Wheels Limited, both present and future. Second charge on entire current assets of the company, both present and future.		

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2015 (Contd.)

	As at March 31, 2015 (Rs. in Crores)	As at March 31, 2014 (Rs. in Crores)
Guarantee and letter of comfort from RICO Auto Industries Limited. Further the term loan is secured by guarantee of the holding company, Rico Auto Industries Limited.	0.32	1.32
13. Term loan from bank carries interest @ base rate+3.5 % p.a. and is repayable in 20 equal quarterly instalments of Rs 97,84,895 each after moratorium of 8 quarters, starting from June 1, 2013. The term loan is secured by exclusive charge on all movable-immovable fixed assets and all current assets of the subsidiary company, Rasa Autocom Limited, unconditional and irrevocable corporate guarantee of Rico Auto Industries Limited (holding company) and unconditional and irrevocable personal guarantee of Mr. Arvind Kapur (Managing Director of Holding Company).	—	15.66
14. Rupee term loan from bank carries interest @ 11.5% and is repayable in 16 equal quarterly instalments and is secured by exclusive first charge by way of hypothecation of fixed assets, both present and future, and by way of mortgage by deposit of title deeds of the immovable properties of the company and second charge over the current assets of the subsidiary company Rico Jinfei Wheels Limited,. Further the term loan is secured by guarantee of the Holding Company, Rico Auto Industries Limited.	—	0.47
	125.05	137.89
B. Unsecured Loans		
15. Foreign Currency loan has been taken from FCC CO. LTD., Japan (holding 50% of the equity capital of the joint venture) on 5th December 2011 and repayable in 18 installments starting from June, 2014. Loan carries interest @ 3% payable half yearly in the month of June and December every year.	—	29.52
16. Rupee loan is taken from Tata Capital Limited as a part of facilitation agreement which carries interest @ 14.50% 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.	2.62	3.83
17. Rupee term Loan with IFCI Venture Capital Funds Limited (IFCI Venture) carries interest @ 15.50% p.a. and is repayable in 13 quarterly installments after a moratorium of 12 months and is secured by the first pari passu charge on equity shares of Rico Auto Industries Limited pledged with the IFCI venture and properties located at New Delhi and Gurgaon. Further the loan is secured by residential property in Gurgaon exclusively in favour of IFCI Venture and personal guarantee of Mr. Arvind Kapur (Chairman, CEO and Managing Director) and Mr. Arun Kapur (Joint Managing Director). The above pledged securities are held by M/s Kapsons Associates Investments Pvt. Ltd.	—	7.50
	2.62	40.85
Note 9 – DEFERRED TAX LIABILITIES (NET)		
Deferred tax liability arising on account of :		
Depreciation	17.88	40.42
Less :		
Deferred tax asset arising on account of :		
Employee benefits	3.30	2.96
Provision on advances	2.95	—
	11.63	37.46
Note 10 – OTHER LONG TERM LIABILITIES		
Security deposits	1.11	1.21
	1.11	1.21

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2015 (Contd.)

	As at March 31, 2015 (Rs. in Crores)	As at March 31, 2014 (Rs. in Crores)
NOTE 11 – LONG TERM PROVISIONS		
Provision for gratuity (refer note 38)	10.03	9.29
Provision for compensated absences	1.53	0.98
Other provisions	0.01	—
	11.57	10.27
NOTE 12 – SHORT TERM BORROWINGS		
SECURED		
Working capital loans		
From banks		
Foreign currency loans	38.48	38.24
Rupee loans	0.89	95.91
Buyers' credit in foreign currency from banks	18.38	36.57
UNSECURED		
Rupee Loan	0.70	—
	58.45	170.71
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).	0.42	85.59
2. The packing credit facility from Kotak Bank is secured against subservient charge on current assets and moveable fixed assets for Rs. 30 crores.	20.09	30.01
3. The packing credit facility from Yes 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.	3.75	3.71
4. Working capital loan from bank 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 and immovable assets of the Company.	0.86	2.37
5. The buyer's credit facility from State Bank of Patiala is secured by first pari passu charge of all movable fixed assets of the Company(both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	5.25	6.26
6. The 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 Mr. Rakesh Kapur (Director) of the Company.	11.40	14.04
7. The buyers's credit facility from Axis Bank is secured against first pari-passu charged on all the current assets of the Company including all types of Stocks and book debts/receivables (both present and future).	—	3.13
8. This packing credit facility from Citi Bank was 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. The facility has been closed during the year.	—	2.08
9. Working capital limits is taken from Axis bank and is 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, Rico Jinfei Wheels Limited, viz. Land admeasuring 20475 sq. mtrs., situated at Plot No. 22, Sec.-05, Phase II, G.C Bawal, Haryana.	0.46	7.94

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2015 (Contd.)

	As at March 31, 2015 (Rs. in Crores)	As at March 31, 2014 (Rs. in Crores)
10. Buyer's credit facility is taken from Axis Bank 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, Rico Jinfei Wheels Limited, viz. Land admeasuring 20475 sq. mtrs., situated at Plot No. 22, Sec.-05, Phase II, G.C Bawal, Haryana.	1.73	6.32
11. Buyer's Credit facility is taken from bank located outside India carries interest @ Libor + '.68% to 1%'. These are secured against non-funding facilities sanctioned and guaranteed by Yes bank. This facility has been closed in the current year.	—	6.81
12. The 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	13.79	2.45
Unsecured Loans		
13. This interest free loan has been taken from Magpie Properties Private Limited., related party of the Company. (Refer Note 43)	0.70	—
	58.45	170.71
Note 13 – TRADE PAYABLES		
Due to micro,small and medium enterprises (refer note 36)	19.47	12.69
Others		
Acceptances	12.98	53.85
Other than acceptances	85.25	188.05
Due to related parties (Refer note 43)	4.59	6.65
Other payables	18.39	6.30
	140.68	267.54
Note 14 – OTHER CURRENT LIABILITIES		
Current maturities of long-term debts (Refer note 8 for security and re-payment details)		
Secured		
Foreign currency loans	2.50	3.04
Rupee loans	36.36	70.59
Unsecured		
Foreign currency loans	—	6.89
Rupee loans	1.16	2.46
Interest accrued but not due on borrowings	0.97	2.03
Unclaimed dividends	0.62	0.31
Statutory liabilities	3.60	10.44
Payable for capital purchases	1.59	15.57
Employee benefits payable	9.35	14.09
Security deposits	2.37	2.57
Book overdraft	—	0.30
Advances from customers	11.21	65.71
Other liabilities*	6.33	5.75
	76.06	199.75
*includes expense payable		
Note 15 – SHORT TERM PROVISIONS		
Provision for gratuity (refer note 38)	1.64	1.49
Provision for compensated absences	0.81	1.88
Provision for dividend	27.06	1.36
Provision for tax on dividend	5.41	0.24
Other short term provisions	1.67	33.57
	36.59	38.54

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2015 (Contd.)

Note 16 – FIXED ASSETS

GROSS BLOCK										DEPRECIATION					NET BLOCK	
Particulars	As on April 01, 2014	Additions/ Adjustments during the year	Disposals during the year	Adjustment for FCC Rico Limited*	Other Adjustments		As at March 31, 2015	As on April 01, 2014	Charge for the Year	Additional Depreciation Adjustment**	Adjustment upon deletion	Adjustment for FCC Rico Limited*	Impairment during the year***	As at March 31, 2015	As at March 31, 2014	
TANGIBLE ASSETS																
LAND																
a) Freehold	22.03	4.64	8.40	10.00	—	—	8.27	0.18	0.04	—	—	0.21	—	0.01	8.26	
b) Leasehold	28.60	9.26	3.16				34.70	0.75	0.68		0.54			0.89	27.85	
BUILDINGS	134.43	6.19	—	21.22	—	—	119.40	32.61	5.07	0.42	0.00	6.08		32.02	101.82	
FURNITURE & FIXTURES	8.89	0.16	2.82	0.87			5.36	6.38	0.63	0.01	2.37	0.64	0.25	4.26	2.51	
PLANT & EQUIPMENT	976.60	62.61	237.70	109.96	0.29	—	691.84	504.37	61.71	2.79	213.34	59.40	154.31	450.44	472.23	
DIES & PATTERNS	53.45	16.61	6.87	—	—	—	63.19	19.30	11.89		5.23	—	15.61	41.57	34.15	
OFFICE EQUIPMENT	24.48	0.44	3.97	2.11	0.00	—	18.83	18.96	1.83	1.26	4.09	1.49	0.67	17.14	1.69	
VEHICLES	12.44	1.85	3.11	0.75	—	—	10.43	8.27	1.41	0.05	2.59	0.37	0.20	6.97	3.46	
	1,260.92	101.76	266.03	144.91	0.29	—	952.02	590.82	83.26	4.53	228.16	68.19	171.04	553.30	670.10	
INTANGIBLE ASSETS																
COMPUTER SOFTWARE	12.88	0.15	0.68	1.73	—	—	10.62	10.79	1.34	—	0.64	1.15		10.34	2.09	
	12.88	0.15	0.68	1.73	—	—	10.62	10.79	1.34	—	0.64	1.15	—	10.34	2.09	
CAPITAL WORK-IN-PROGRESS****																
CURRENT YEAR																
TOTAL	1,273.80	101.91	266.71	146.64	0.29	—	962.64	601.61	84.60	4.53	228.80	69.34	171.04	563.64	399.00	
PREVIOUS YEAR FIGURES	1,191.39	99.67	19.02	—	1.55	0.21	1,273.80	513.79	94.32	—	6.50	—	—	601.61	672.19	

* Refer Note 46

** Refer Note 48

*** Refer Note 49

**** Capital work in progress includes impairment loss of Rs 3.08 crores for the year ending 31st March 2015 (previous year Nil). Refer note 49

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2015 (Contd.)

	As at March 31, 2015 (Rs. in Crores)	As at March 31, 2014 (Rs. in Crores)
Note 17 – LONG TERM LOANS AND ADVANCES		
(Unsecured, considered good, unless stated otherwise)		
Capital advances:		
Considered good	15.17	12.51
Considered doubtful	—	0.14
Less : Provision for doubtful advances	—	(0.14)
Security deposits	5.96	6.24
Advances to related parties (refer note 43)	31.50	—
Loans and advances to employees	0.06	0.08
Advance income tax (net of provisions)	12.91	22.93
Prepaid expenses	0.68	0.05
Others	0.57	0.04
	66.85	41.85
Note 18 – OTHER NON CURRENT ASSETS		
Bank deposits with maturity of more than 12 months (Refer note 22)	0.05	0.32
	0.05	0.32
Note 19 – CURRENT INVESTMENTS (QUOTED)		
2,12,931 units of Axis Liquid Fund @ NAV of Rs. 1,549.80	33.00	—
35,196 units of Reliance Liquid Fund @ NAV of Rs. 3,409.45	12.00	—
8,801.40 units of Reliance Liquid Fund @ NAV of Rs. 3,408.55	3.00	—
2,986.079 units of SBI Magnum Insta Cash Fund @ NAV of Rs.1,675.03	0.50	—
	48.50	—
Aggregate market value (NAV)	48.52	—
Note 20 – INVENTORIES		
(As valued and certified by the management)		
Raw material and components	16.20	49.11
Stores and spares	31.31	35.81
Tooling Stock	1.22	—
Work-in-progress	19.98	24.93
Finished goods	21.54	23.11
Goods-in-transit - Components	2.17	14.43
Goods-in-transit - finished goods	16.18	11.10
	108.60	158.49
Note 21 – TRADE RECEIVABLES		
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they were due for payment	11.22	4.67
Other debtors	135.36	162.31
	146.58	166.98

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2015 (Contd.)

	As at March 31, 2015 (Rs. in Crores)	As at March 31, 2014 (Rs. in Crores)
Note 22 – CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash on hand	0.11	0.38
Cheques on hand	0.14	—
Balances with banks		
In current accounts	2.22	8.53
Deposits with original maturity of less than three months	0.38	—
	<u>2.85</u>	<u>8.91</u>
Other bank balances		
In dividend accounts	0.62	0.31
Bank deposits with maturity of more than 12 months	0.05	0.32
Bank deposits with maturity of more than 3 months and less than 12 months	1.93	1.50
	<u>5.45</u>	<u>11.04</u>
Less : Amounts disclosed as other non-current assets (Refer note 18)	0.05	0.32
	<u>5.40</u>	<u>10.72</u>
Note 23 – SHORT TERM LOANS AND ADVANCES		
Security deposits	0.02	0.15
Inter corporate deposits	8.73	9.13
Loans and advance to employees	1.20	0.13
Advance to suppliers	3.95	8.65
Advance to related parties (refer note 43)	—	5.17
Prepaid expenses	3.46	3.20
Balance with statutory/ government authorities on account of:		
Service tax	7.09	13.85
Excise duty	19.67	21.67
Sales tax	1.97	1.10
MAT Credit entitlement	0.58	—
Others	12.14	6.64
	<u>58.81</u>	<u>69.69</u>
Note 24 – OTHER CURRENT ASSETS		
Asset held for sale	0.01	4.64
Interest accrued on electricity security deposit	0.07	1.14
Interest accrued on fixed deposit	0.06	—
Insurance claims receivable	—	0.06
Export incentive receivable	8.36	4.86
Unbilled Revenue	1.45	4.22
Others	0.47	—
	<u>10.42</u>	<u>14.92</u>
Note 25 – REVENUE FROM OPERATIONS		
Sale of products	1,439.27	1,595.96
Job work charges	0.64	1.26
	<u>1,439.91</u>	<u>1,597.22</u>
Other operating revenues		
Scrap sales	30.55	24.16
Duty draw back and other export incentives	8.52	6.94
Miscellaneous sales	7.78	6.08
	<u>1,486.76</u>	<u>1,634.40</u>

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2015 (Contd.)

	As at March 31, 2015 (Rs. in Crores)	As at March 31, 2014 (Rs. in Crores)
Note 26 – OTHER INCOME		
Interest income	3.23	2.05
Dividend Income from Mutual funds	0.00	—
Net gain on foreign currency transactions and translation	6.61	6.17
Rental income from operating lease	0.36	2.31
Support services	12.59	8.44
Profit on sale of mutual fund	2.30	—
Subsidy from VAT/Sales tax Authorities	—	1.32
Miscellaneous income	7.34	5.79
	32.43	26.08
Note 27 – COST OF RAW MATERIALS AND COMPONENTS CONSUMED		
Raw material and components		
Opening stock	49.11	50.02
Add : Purchases during the year	800.78	875.07
Less : Closing stock	58.07	49.11
Raw Material and components consumed	791.82	875.98
Adjustment for sale of FCC Rico Limited (Refer note 46)	41.87	—
Closing Stock	16.20	—
Note 28 – CHANGE IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS		
(a) Work-in-progress		
Opening stock	24.93	36.74
Closing stock	24.77	24.93
	0.16	11.81
Stock Adjustment of FCC Rico Limited (Refer note 46)	4.79	—
Closing Stock	19.98	—
(b) Finished goods		
Opening stock	23.11	26.75
Closing stock	24.78	23.11
	(1.67)	3.64
Adjustment for sale of FCC Rico Limited (Refer note 46)	3.24	—
Closing Stock	21.54	—
(c) Tooling Stock		
Opening stock	—	—
Closing stock	1.22	—
	(1.22)	—
Excise duty on finished goods	—	(0.02)
	(2.73)	15.43
Note 29 – EMPLOYEE BENEFIT EXPENSES		
Salaries, wages and bonus	124.22	133.44
Contribution to provident and other funds	17.70	11.11
Staff welfare expenses	8.86	6.51
	150.78	151.06

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2015 (Contd.)

	As at March 31, 2015 (Rs. in Crores)	As at March 31, 2014 (Rs. in Crores)
Note 30 – FINANCE COST		
Interest expenses on :-		
(i) Borrowings	48.29	50.82
(ii) Trade payables	3.47	3.72
Other borrowing costs	1.00	1.63
Net loss on foreign currency transactions and translation on borrowings	—	11.21
	52.76	67.38
Note 31 – OTHER EXPENSES		
Consumption of stores and spare parts	73.19	70.02
Power and fuel	111.18	96.09
Sub contracting expenses	41.53	38.20
Rent	4.03	4.44
Repairs		
Buildings	0.92	1.04
Machinery	3.58	3.86
Others	2.39	2.91
Insurance	3.39	4.13
Rates and taxes	5.03	2.14
Directors' sitting fees	0.28	0.07
Travelling and conveyance	4.17	7.66
Legal and professional [refer note 31(a)]	5.38	4.38
Vehicle running and maintenance	3.56	3.64
Freight and forwarding	28.00	17.06
Line rejection and re-work charges	3.02	5.42
Miscellaneous expenses	30.55	28.05
	320.20	289.11
Note 31(a) – Payment to the auditors comprises :		
As auditors - statutory audit	0.49	0.46
For taxation matters	0.09	0.09
For other services	0.11	0.03
Reimbursement of expenses	0.11	0.09
	0.80	0.67
Note 32 – PRIOR PERIOD ITEMS (NET)		
Interest cost capitalised wrongly written off earlier	(10.76)	(0.06)
Others	—	0.06
	(10.76)	—
Note 33 – EXCEPTIONAL ITEMS		
Profit on sale of joint venture company, FCC Rico Limited (net) (refer note 44)	372.46	—
Impairment loss (refer note 49)	(174.12)	—
Others (refer note 44)	(3.85)	0.33
	194.49	0.33
Note 34 – EARNINGS PER SHARE		
Profit after tax (A)(Rs.)	153.43	2.70
Weighted average number of Equity shares (basic and diluted) (B)	135285000	135285000
Nominal value of Equity share (Rs.)	1.00	1.00
Earnings per share (basic and diluted) (A/B)	11.34	0.20

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2015 (Contd.)

Note 35 – CONTINGENT LIABILITIES

l) Demand against the Company not acknowledged as Liability

(Rs. in Crores)		
Particulars	Year ended March 31, 2015	Year ended March 31, 2014
i) Income Tax*	0.18	4.19
ii) Sales Tax	0.26	0.47
iii) Excise and Service Tax*	9.99	12.46
iv) Others*	9.80	10.40

* During the year Rico Auto Industries Limited has divested its stake in FCC Rico Limited, Joint Venture. As a result there are no contingent liabilities pertaining to FCC-Rico Limited as at March 31, 2015. The amount of contingent liabilities included in March 31, 2014 is as follows – Income Tax (Rs. 4.04 crores), Excise and Service Tax (Rs.1.82 crores) and others (Rs. 0.64 crores).

Income Tax Cases

- Income tax department has raised demand for Rs. 0.18 crores (previous year Rs. 0.15 crores). This is on account of filing of incorrect particulars regarding challans deposited as compared to actual challans deposited.

Sales Tax Cases

- Demand order of assessment received under Haryana VAT Act 2003 for Rs.0.43 crores for disallowing the input tax on purchase of furnace oil. An appeal has been filed on May 15, 2010 before the Joint Excise & Taxation Commissioner (Appeals), Faridabad. The appeal was decided by the Joint Commissioner (Appeals) and the case was remanded back to the Deputy Excise and Taxation Commissioner, Gurgaon (West). During the year the Company has received an order from the Deputy Excise and Taxation Commissioner, Gurgaon (West) in its favour.
- 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 crores (previous year Rs. 0.04 crores). An appeal was filed with Haryana Sales Tax Tribunal on February 23, 2013. Tribunal has remanded the case back to Joint Commissioner, Gurgaon.
- During the 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 crores. The Company has filed an appeal with Haryana Sales Tax Tribunal on August 25, 2014 and is presently pending before it.

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. Appeal filed to 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 crores. Amount involved is Rs. 0.47 crores (previous year Rs. 0.44 crores). No hearing has taken place since June 15, 2009. Current year movement represents interest.
- 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 crores, penalty of equal amount, interest at the applicable rate and a fine in lieu of confiscation of Rs. 0.10 crores on the dies released provisionally. Further, Company has also furnished a bond of Rs 0.42 crores and a bank guarantee of Rs 0.004 crores. A stay application was filed before the CESTAT. Total amount involved is Rs. 2.71 crores (previous year Rs. 2.57 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 crores. The amount involved is Rs. 1.47 crores (previous year Rs. 1.40 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. 2.15 crores (previous year Rs. 2.04 crores). Current year movement represents interest.

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2015 (Contd.)

- i. 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, department has been filed Appeal before Tribunal against said order. The amount involved is Rs. 0.42 crores (previous year Rs. 0.40 crores). Current year movement represents interest.
 - j. 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 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. 1.30 crores (previous year Rs. 1.23 crores). Current year movement represents interest.
 - k. 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. 0.19 crores (previous year Rs. 0.18 crores). Current year movement represent interest
 - l. 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. 0.29 crores (previous year Rs. 0.27 crores). Current year movement represent interest
 - m. 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. 0.01 crores (previous year Rs. 0.01 crores).
 - n. 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. 0.73 crores (previous year Rs. 0.68 crores).
 - o. Additional commissioner disallowed cenvat credit availed on consultancy charges, courier charges etc. for the period March, 2005 to December, 2010 amounting to Rs. 0.39 crores, imposed penalty of Rs. 0.39 crores and provisional interest of Rs. 0.18 crores. The Company filed an appeal against the order before the Commissioner (Appeals) which was adjudged in favor of the Company on February 15, 2013. Department has filed further Appeal before CESTAT against the order on June 06, 2013. The amount involved was Rs. 0.96 crores. During the year the Company has received an order from the CESTAT in its favour.
 - p. Assistant Commissioner disallowed cenvat credit availed on service tax paid on different activities. Amount involved is Rs. 0.06 crores. The case was decided by Commissioner (Appeals) against the Company on February 11, 2011. Company has filed an appeal before the Tribunal. During the year the Company has received an order from the CESTAT in its favour.
 - q. Department has issued a show cause notice dated December 14, 2011 in respect of claim of cenvat on input services namely courier, insurance, bank processing, transport, travel agency for the period 2011-12. On February 3, 2014. Commissioner of Central Excise has confirmed the demand. Appeal filed before the Commissioner of Central excise (Appeals) on April 7, 2014. The amount involved is Rs. 0.11 crores. During the year the Company has received an order from the Commissioner of Central Excise (Appeals) in its favour.
 - r. A show cause notice was issued disallowing cenvat credit related to service tax. An appeal was filed before the Commissioner (Appeals) and the decision was given in favor of the department. The Company filed an appeal before Tribunal against the decision and the Tribunal remanded back the case to Commissioner (Appeals). The amount involved is Rs. 0.05 crores. During the year the Company has received an order from the Commissioner (Appeals) in its favour.
 - s. 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 Rs. 0.25 crores (previous year Rs. 0.24 crores). Current year movement represents interest.
- Others
- t. 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 and presently the case is pending and hearing is now adjourned to September 4, 2015. The Company has deposited Rs. 3.60 crores during the financial year 2011-12.

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2015 (Contd.)

- u. 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 crores (Previous year Rs. 0.01 crores).
- v. The step down subsidiary, Rico Jinfei Wheels Limited 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 2008-09 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 the step down subsidiary, Rico Jinfei Wheels Limited, due to delay in establishing the manufacturing unit, followed by many reminder letters from Haryana State Industrial and Infrastructure Development Corporation Limited. The step down subsidiary, Rico Jinfei Wheels Limited 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.

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)

Name of the Subsidiary	Year ended March 31, 2015	Year ended March 31, 2014
i) Rasa Autocom Limited	8.00	43.00
ii) Rico Jinfei Wheels Limited	10.00	10.00

- b) The Group has also given other following Guarantees:

In previous year, the Company had given counter guarantees to the extent of Rs. 6.81 crores to Yes Bank Limited for the payment of buyers' credits arranged through them from foreign banks. There are no such guarantees in the current year.

III) Others

Export obligation to be undertaken by the Group under EPCG scheme amounting to Rs. 117.41 crores (previous year Rs. 121.01 crores). Amount of custom duty included is Rs. 14.65 crores (previous year Rs. 15.10 crores)

Note 36 – Dues to micro, small and medium enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006

(Rs. in Crores)

Particulars	As at March 31, 2015		As at March 31, 2014	
	Principle	Interest	Principle	Interest
1. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	19.47	0.24	12.69	0.59
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	19.47	0.24	12.69	0.59
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.	—	—	—	—

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2015 (Contd.)

Note 37 – COMMITMENTS

(Rs. in Crores)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Estimated amount of contracts remaining to be executed on account of capital commitments [net of advances Rs. 0.68 crores (previous year Rs. 0.33 crores)]	5.68	5.20

Note 38 – EMPLOYMENT BENEFITS

(Rs. in Crores)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
A. Provident Fund and other Funds		
Employer's contribution to provident fund	5.44	5.88
Employer's contribution to ESI	0.30	0.75
B. Defined Benefit Plan – Gratuity		
I) Change in Defined Benefit Obligation		
a) Present value of obligation as at beginning of the year.	14.97	14.10
b) Current service cost	1.39	1.46
c) Interest cost	1.28	1.13
d) Benefits paid	(2.33)	(0.92)
e) Actuarial loss	4.24	0.26
Present value of obligation as at end of the year	19.55	16.03
II) Change in fair value of plan assets		
a) Fair Value of assets at the beginning of the year	4.49	5.50
b) Expected return on plan assets	0.56	0.48
c) Employers contributions	5.42	0.19
d) Benefits paid	(2.33)	(0.93)
e) Actuarial gain	(0.15)	0.01
Fair value of plan assets as at end of the year	7.99	5.25
III) The amounts to be recognised in Balance Sheet		
a) Present value of obligation as at the end of the period	19.66	16.03
b) Fair value of plan assets as at the end of the period	7.99	5.25
Net liability recognised in Balance Sheet	11.67	10.78
– Non current	10.03	9.29
– Current	1.64	1.49
IV) Expense recognised in the Statement of Profit and Loss		
a) Current service cost	1.39	1.46
b) Interest cost	1.28	1.13
c) Net actuarial loss recognised	4.39	0.29
d) Expected return on planned assets	(0.56)	(0.48)
Expenses recognised in the Statement of Profit and Loss	6.50	2.40
V) Assumptions used to determine the benefit obligations:		
a) Discount rate	7.75 to 8.00%	8.50 to 9.25%
b) Rate of increase in compensation levels	5.25 to 10.00%	6.00 to 7.00%
c) Expected return on planned assets	2.00 to 9.25%	9.00 to 9.25%

In respect of Employee's Gratuity Fund, constitution of Plan Assets is not readily available from the Life Insurance Corporation of India.

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2015 (Contd.)

C. Other Long Term Benefit Plans

Other long term benefit plans represents the compensated absences provided to the employees of the Company.

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
I) Actuarial valuation has been done with the following assumptions		
Discount rate	7.75 to 8.00%	8.50 to 9.25%
Rate of increase in compensation levels	5.25 to 10.00%	6.00 to 7.00%
Expected rate of return on planned assets	2.00 to 9.25%	9.00 to 9.25%

Note 39 – DERIVATIVE INSTRUMENTS

(Rs. in Crores)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Cross currency swaps	—	1.05
The foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below as on each Balance Sheet date:		
Trade receivables	41.10	29.49
Trade payables	9.39	7.14
Loans (Secured)		
Buyer's credit facility	18.38	36.57
Term loan	6.88	39.24
Packing credit facility	37.63	38.25

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, 2015				
Revenue from external customers	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	—	—	102.59
Year ended March 31, 2014				
Revenue from external customers	1,490.77	56.29	87.34	1,634.40
Carrying amount of segment assets	1,130.92	14.20	24.93	1,170.05
Capital expenditure	84.48	0.00*	0.00*	84.48

*Amounts have been rounded off to zero

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. 4.03 crores (previous year Rs. 4.44 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, 2015	Year ended March 31, 2014
Minimum lease payments		
Due within one year	1.60	1.67
Due for period more than one but less than five years	3.76	5.72
Due for period more than five years	16.13	16.49
Total minimum lease payment	17.50	23.88

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2015 (Contd.)

Note 42 – A subsidiary company namely Rico Investments Limited (RIL) has been incorporated on January 7, 2015. The Company has made an investment of Rs. 46.00 crores in the equity share capital and Rs. 44.00 crores in the compulsorily convertible preference shares. 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. During the current year, the Parent Company sold its investment 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) to RIL, accordingly, the aforementioned subsidiaries have become a step down subsidiaries, held through RIL.

Note 43 – RELATED PARTY DISCLOSURES

A. Related parties where control exists

Name of Related Parties	Description of Relationship
FCC Rico Limited (refer note 46)	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
Magpie Properties Private Limited	Entity in which KMP exercise significant influence
Raasaa Retail Private Limited	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
Kapsons Associates Investments 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:

- 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 B.M Jhamb – Company Secretary*

*as per Companies Act, 2013

C. Transactions with Related Parties

(Rs. in Crores)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
A Joint Ventures		
1. FCC Rico Limited*		
Transactions during the year		
Purchase of goods	7.41	8.77
Sale of goods	31.45	51.27
Job work income	—	0.85
Administration, finance, production, support services	12.53	13.85
Dividend received	7.03	3.67
Balance outstanding		
Balance recoverable	1.74	4.48
2. Magna Rico Powertrain Private Limited*		
Transactions during the year		
Miscellaneous sales	0.12	0.41
Sale of goods	5.70	3.93
Job work income	0.01	—
Balance outstanding		
Balance recoverable	1.85	1.44

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2015 (Contd.)

(Rs. in Crores)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
B Entity in which KMP exercise significant influence		
1. Rico Casting Limited		
Transactions during the year		
Purchase of goods	11.35	22.15
Sale of goods	7.40	1.22
Purchase of assets	4.51	2.32
Miscellaneous sales	0.03	0.05
Job work expense	3.59	3.48
Administration, finance, production, support services	7.85	7.30
Rent paid	1.70	1.69
Loan given	94.79	—
Loan received back	72.26	0.74
Interest accrued but not due	0.03	—
Balance outstanding		
Balance recoverable	0.02	5.17
Balance payable	4.36	6.65
Loan given outstanding	22.53	—
Interest accrued but not due	0.03	—
2. Kapbros Engineering Industries Limited		
Transactions during the year		
Purchase of goods	2.64	1.86
Sale of goods	2.01	5.00
Purchase of assets	1.03	2.97
Sale of assets	2.02	0.26
Job work expense	16.89	12.17
Administration, finance, production, support services	—	0.28
Job work income	—	0.27
Advances given	6.00	—
Interest accrued but not due	0.01	—
Balance outstanding		
Balance recoverable	1.69	5.99
Balance payable	0.22	—
Loan given outstanding	6.00	—
Interest accrued but not due	0.01	—
3. Kapsons Associates Investments Private Limited		
Transactions during the year		
Rent paid	0.38	0.38
Balance outstanding		
Security deposit given	0.18	0.18
4. Magpie Properties Private Limited		
Transactions during the year		
Loan taken	5.25	—
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, 2015 (Contd.)

(Rs. in Crores)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
C Key Manegirial persons		
Remuneration paid to key management personnel		
Arvind Kapur	1.35	1.40
Arun Kapur	0.48	0.48
O.P Aggarwal	0.86	0.83
B.M. Jhamb	0.27	0.28

*Complete transaction have been reported before any elimination.

Note: In respect of personal guarantee given by Promoters-Directors refer Note 5 - Long term borrowings and 9 - Short term borrowings. Also, shares amounting to Rs.1.54 crores (previous year Rs.2.74 crores) were pledged Kapsons Associates Investments Private Limited.

Note 44 – Exceptional items in consolidated financial results include the following:-

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 has recorded a gain of Rs. 376.87 crores in consolidated financial statements. Further, legal and professional expenses of Rs. 4.42 crores are incurred in relation to sale of investment in FCC Rico Limited, have been netted from the sale consideration.

b. Impairment loss

During the year, the Group has 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 (Refer Note 49).

c. Other items

Exceptional item also include expenditure incurred pursuant to voluntary retirement scheme of the Company amounting to Rs. 2.59 crores and asset write off amounting to Rs. 1.26 crores.

Note 45 – In accordance with Accounting Standard 11 “The Effects of Changes in Foreign Exchange Rates”, the Company has 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	Year ended March 31, 2015	Year ended March 31, 2014
Un-amortised exchange differences	6.54	12.21

Note 46 – During the year, the Company completed the sale of all of its shares in the joint venture company, FCC Rico Limited, a joint venture between the Company and FCC Co. Ltd., 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 an independent valuation expert.

In accordance with the requirement of Accounting Standard 24 – “Discontinued Operations”, information relating to discontinued operation is as follows:

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2015 (Contd.)

(Rs. in Crores)

Particulars	Continuing Operations		Discontinuing Operations		Total	
	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2014
I. Revenue from operations (gross)	1,026.46	1,089.79	460.30	544.61	1,486.76	1,634.40
Less : Excise duty	81.96	85.97	58.50	68.33	140.46	154.30
Revenue from operations (net)	944.50	1,003.82	401.80	476.28	1,346.30	1,480.10
II. Other income	24.59	21.99	7.84	4.09	32.43	26.08
III. Total revenue (I + II)	969.09	1,025.81	409.64	480.37	1,378.73	1,506.18
IV. Expenses:						
Cost of raw material and component consumed	493.63	524.16	298.19	351.82	791.82	875.98
Changes in Inventories of finished goods and work in progress	(3.12)	18.21	0.39	(2.78)	(2.73)	15.43
Employee benefits expenses	124.55	122.31	26.23	28.75	150.78	151.06
Finance costs	52.04	66.19	0.72	1.19	52.76	67.38
Depreciation and amortization	71.20	76.80	13.40	17.52	84.60	94.32
Other expenses	271.24	230.40	48.96	58.71	320.20	289.11
Prior period items (net)	(10.76)	0.32	—	(0.32)	(10.76)	—
Total expenses	998.78	1,038.39	387.89	454.89	1,386.67	1,493.28
V. (Loss)/profit before exceptional items and tax (III - IV)	(29.69)	(12.58)	21.75	25.48	(7.94)	12.90
VI. Exceptional items	177.97	0.04	(372.46)*	0.29	(194.49)	0.33
VII. Profit before tax (V - VI)	(207.66)	(12.62)	394.21	25.19	186.55	12.57
VIII. Tax expense:	(23.91)	2.17	56.84	7.70	32.93	9.87
IX. Loss/profit for the period (VII - VIII)	(183.75)	(14.79)	337.37	17.49	153.62	2.70
X. Profit/(loss) of minority shareholders	0.19	(0.71)	—	—	0.19	(0.71)
Net profit for the period (IX - X)	(183.94)	(14.08)	337.37	17.49	153.43	3.41

* Represents profit on transfer of assets and liabilities of discontinued operations.

Amounts included in the consolidated balance sheet pertaining to discontinuing operations are: assets of Rs.Nil (previous year Rs. 243.89 crores) and liabilities of Rs.Nil (previous year Rs. 132.37 crores).

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2015 (Contd.)

Note 47 – 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 Assets	Amount (Rs. in Crores)
Parent				
Rico Auto Industries Limited	114.55%	520.83	94.64%	145.39
Subsidiaries – Indian				
1. Uttarakhand Automotives Limited	(2.26%)	(10.28)	0.26%	0.40
2. AAN Engineering Industries Limited	(0.21%)	(0.96)	(0.08%)	(0.12)
3. Rico Investments Limited	(0.11%)	(0.51)	(0.48%)	(0.73)
4. Rico Jinfei Wheels Limited	(8.97%)	(40.77)	(1.02%)	(1.57)
5. RASA Autocom Limited	(7.38%)	(33.56)	(5.83%)	(8.95)
6. Rico Aluminium and Ferrous Auto Components Limited (formerly RAA Autocom Limited)	(0.45%)	(2.06)	(0.13%)	(0.20)
Subsidiaries – Foreign				
1. Rico Auto Industries Inc. (USA)	3.80%	17.27	0.70%	1.07
2. Rico Auto Industries UK Limited (UK)	1.14%	5.16	0.18%	0.27
Minority Interest – Indian				
1. Rico Investments Limited (including its subsidiaries)	0.80%	3.66	0.12%	0.19
Joint Ventures – Indian				
1. Magna Rico Powertrain Private Limited	(0.91%)	(4.13)	1.99%	3.06
2. FCC Rico Limited	0.00%	—	9.77%	15.01
Total	100.00%	454.66	100.00%	153.62

Note 48 – Effective from April 1, 2014, the Group has charged depreciation based on the revised remaining useful life of the assets as per the requirement of Schedule II of the Companies Act, 2013. Further, based on transitional provision provided in Note 7(b) of Schedule II, an amount of Rs. 3.15 crores (depreciation of Rs. 4.54 crores, related tax impact of Rs. 1.39 crores) has been adjusted against retained earnings. Based on the technical estimate and history of usage, the Company has retained useful life of certain categories of plant and machinery which is higher than the useful life as indicated in Schedule II. Owing to aforementioned change in estimate (except for certain categories of plant and machinery where the earlier useful life is retained), depreciation charge for the year is higher by Rs. 1.67 crores.

Note 49 – IMPAIRMENT OF BUSINESS DIVISIONS

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

a. Aluminium Division - 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 has 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 current year.

b. Ferrous Foundry Division – Gurgaon & Manesar

The unit is engaged in manufacturing ferrous parts for various original equipment manufacturers. The order flow of the division has 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.

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2015 (Contd.)

Assumptions related to (a) and (b) above:

The recoverable amount has been determined at cash generating unit level and is 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 50 – The auditors' had given disclaimer of opinion in their audit report pertaining to the consolidated financial statements for the year ended March 31, 2014 due to non-availability of audited standalone financial statements of one of its Joint venture, FCC Rico Limited. The matter has been addressed during the year; accordingly, audit report on consolidated financial statements for the year ended March 31, 2015 is not modified for this matter.

Note 51 – 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 : 28th May, 2015

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)

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