

RICO

RELIABILITY
INNOVATION
COMPETITIVENESS
GLOBALIZATION

RICO



About Us

RICO is a dynamic world-class engineering group, supplying a broad range of high-precision fully machined aluminium and ferrous components and assemblies to OEMs across the globe. RICO's integrated services include design, development, tooling, casting, machining, assembly and R&D across aluminium and ferrous products.

We enjoy an excellent reputation for our customer focus, quality and cost competitiveness. Our engineering excellence, advanced design and development capabilities, strong customer relationships and proven scalability have helped us become a preferred supplier to the leading customers in automotive industry.

We have developed strategic relationships and set up joint ventures with leading global automotive suppliers namely FCC for Clutch System, Continental Automotive for Hydraulic Brake System, Magna Powertrain for Oil & Water Pump System and Jinfei for Alloy Wheels.

We see significant opportunities ahead. We have been building on our core strength for sustained profitable growth that will consistently enhance value for all our stakeholders.

Our Vision

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

Our Strategies

World Class Quality

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

Integrated Service - Concept to Delivery

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

Preferred Supplier

Customer Focussed Enterprise
Efficient Account, Program & Launch Management

People

Regular Training, Skill Building, Involvement & Empowerment and Leadership

Globalization

Global Teams, Global Presence & Scale

Shareholder Value

Focus on return on Capital Employed
Consistent Dividend Distribution

Our People : Our Greatest Asset

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

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

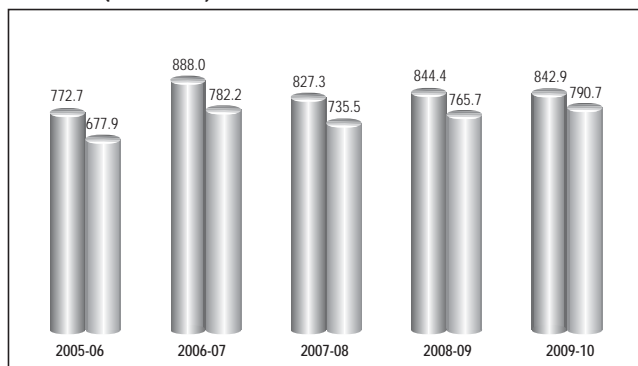
Financial Highlights

Stand Alone

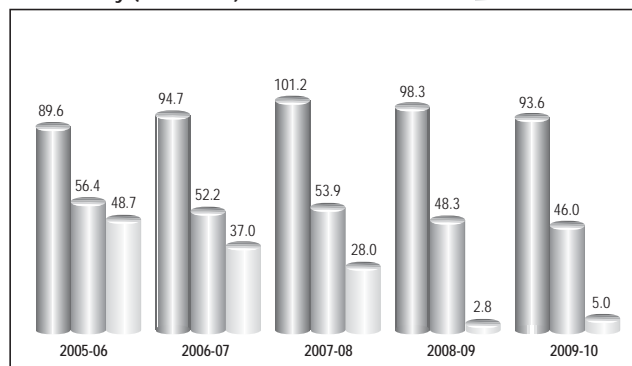
(Rs in Crores)

Particulars	2009-10	2008-09	2007-08	2006-07	2005-06
Gross Revenue	842.9	844.4	827.3	888.0	772.7
Net Revenue	790.7	765.7	735.5	782.2	677.9
PBIDT	93.6	98.3	101.2	94.7	89.6
Depreciation	47.6	50.0	47.3	42.5	33.2
PBIT	46.0	48.3	53.9	52.2	56.4
Interest	41.0	45.5	25.9	15.2	7.7
PBT	5.0	2.8	28.0	37.0	48.7
Fringe Benefit Tax	0.0	0.6	0.7	0.7	0.7
Income Tax	0.0	0.1	2.2	3.5	9.5
Deferred Tax	(1.1)	(2.6)	2.9	7.0	4.0
PAT	6.1	4.7	22.2	25.8	34.5
Dividend (Including Tax)	2.3	2.2	8.8	10.7	14.0
Gross Fixed Assets (Incl. CWIP)	832.7	750.2	684.3	599.8	463.7
Net Fixed Assets (Incl. CWIP)	525.9	485.7	468.2	429.6	331.6
Net Current Assets	153.4	167.4	190.1	93.1	48.7
Equity Share Capital	12.9	12.6	12.6	12.6	12.3
Reserves & Surplus	272.2	260.1	256.9	243.4	208.5
Deferred Tax Liabilities	35.8	36.9	37.6	34.8	27.8
Loan Funds	419.6	370.3	372.6	237.8	136.0
Key Ratios (%)					
Operating Margin (PBIDT/Net Revenue)	11.8	12.8	13.8	12.1	13.2
ROCE (PBIT/Avg. Capital Employed)	6.5	7.1	8.9	11.5	17.4
RONW (PAT/Avg. Net Worth)	2.2	1.7	8.5	10.9	21.7
Dividend Payout Ratio	37.0	46.4	39.6	41.6	40.6
Per Share Data (Rs)					
EPS	0.5	0.4	1.8	2.1	2.9
Cash EPS	4.2	4.4	5.6	5.5	5.7
Book Value	22.3	21.7	21.5	20.4	18.0
Dividend (%)	15	15	60	75	100

Revenue (Rs. Crore) ■ Gross ■ Net



Profitability (Rs. Crore) ■ PBIDT ■ PBIT ■ PBT

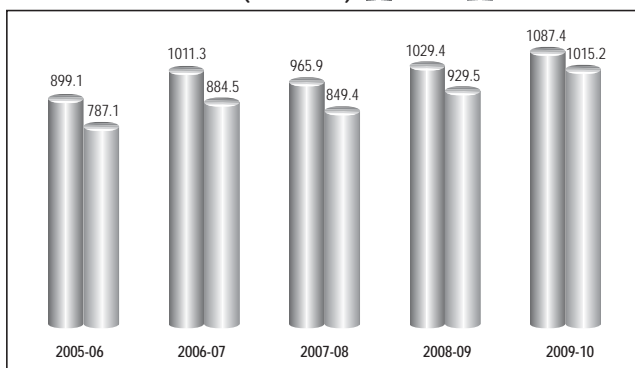


Financial Highlights

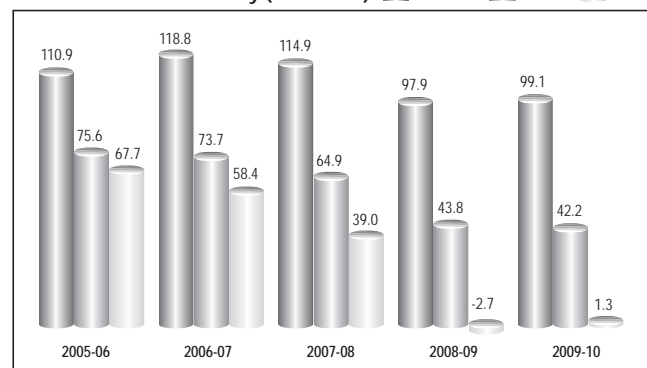
Consolidated Group

Particulars	(Rs in Crores)				
	2009-10	2008-09	2007-08	2006-07	2005-06
Gross Revenue	1087.4	1029.4	965.9	1011.3	899.1
Net Revenue					
Rico Auto Industries Limited	790.7	765.7	735.5	782.2	677.9
Rico Auto Industries Inc., USA	100.2	106.1	89.2	60.1	45.0
Rico Auto Industries (UK) Limited, UK	31.5	39.6	9.2	1.8	1.7
FCC Rico Limited	236.6	180.5	158.2	140.1	122.8
Continental Rico Hydraulic Brakes India Private Limited	6.7	1.4	0.0	0.0	0.0
Magna Rico Powertrain Private Limited	0.9	0.2	0.0	0.0	0.0
Rico Jinfei Wheels Limited	7.3	0.0	0.0	0.0	0.0
Less: Inter Company Sales	(158.7)	(164.0)	(142.7)	(99.7)	(60.3)
Rico Group Consolidated	1015.2	929.5	849.4	884.5	787.1
PBIDT	99.1	97.9	114.9	118.8	110.9
PBIT	42.2	43.8	64.9	73.7	75.6
PBT	1.3	(2.7)	39.0	58.4	67.7
PAT	(4.9)	(5.4)	23.4	37.8	45.4
Gross Fixed Assets (Incl. CWIP)	955.9	841.4	725.3	621.7	483.8
Net Fixed Assets (Incl. CWIP)	623.6	560.2	496.2	440.7	343.4
Net Current Assets	158.4	164.0	219.2	119.7	67.0
Equity Share Capital	12.9	12.6	12.6	12.6	12.3
Reserves & Surplus	285.8	284.6	289.7	276.6	233.6
Deferred Tax Liabilities	35.7	35.9	37.6	35.0	28.0
Loan Funds	441.6	391.1	376.8	237.8	136.5
Key Ratios (%)					
Operating Margin (PBIDT / Net Revenue)	9.8	10.5	13.5	13.4	14.1
ROCE (PBIT/Avg. Capital Employed)	5.6	6.1	10.2	15.2	21.8
RONW (PAT/Avg. Net Worth)	(1.6)	(1.8)	7.9	14.2	25.3
EPS (Rs)	(0.39)	(0.43)	1.9	3.1	3.8

Consolidated Revenue (Rs. Crore) ■ Gross ■ Net



Consolidated Profitability (Rs. Crore) ■ PBIDT ■ PBIT ■ PBT



From The MD's Desk

Dear fellow Shareholders,

The year 2009-10 has been another challenging but encouraging one for your Company, as India and the world markets in general have continued to recover after the global economic turbulence of 2008-09. We have made steady progress, our performance on all fronts has largely been positive, and I am optimistic that this favourable trend will continue for our growth in the years ahead.

The stimulus measures initiated by the Government last year are now yielding fruit. The revival of the Indian economy has been faster than many other countries. A significant reason for this is the fact that our national economy is powered substantially by demand from a large domestic market, and not overly dependent on exports.

The country registered a GDP growth rate of 7.4% in 2009-10, against 6.7% in the previous year. Not surprisingly, this was accompanied by strong industrial performance as well. Industrial output grew by a healthy 10.4% and the service sector by 8.3%. Although this year saw an uptrend in prices of oil, steel and aluminium, this fiscal witnessed a healthy and significant improvement over last year's extensive inflationary price-rise.

The automotive industry, which is the main market for your Company, performed equally impressively during the year. The passenger car segment recorded a 27% growth against just 3.4% in the previous year. Likewise, the two-wheeler segment grew by 25%. This positive market

sentiment, in turn, fuelled demand for automotive components and assemblies.

It is heartening to note that, though exports of Indian auto components remained flat during the year because of persisting slowdown in the US and European markets, your Company actually increased its annual exports by 18%. We touched Rs 147.8 crores in 2009-10, compared to Rs 125.7 crores in the previous year.

During the year 2009-10, Rico Auto's Standalone Net Sales grew by 3.3% from Rs 765.7 crores to Rs 790.7 crores and as a Consolidated Group our Gross Revenue grew by 5.6% from Rs 1029.4 crores to Rs 1087.4 crores. Our Standalone Profit after Tax (PAT) grew by 28.5% from Rs 4.7 crores to Rs 6.1 crores, despite the lingering impact of the previous year's recession from which we have now come out fully and a one and a half month's period of unfortunate labour unrest at our Gurgaon plant from 21-Sept to 5-Nov. 2009.

Your Company's four Joint Ventures namely FCC Rico Ltd, Continental Rico Hydraulic Brakes India Pvt Ltd, Magna Rico Powertrain Pvt Ltd and Rico Jinfei Wheels Ltd also performed creditably during the year.

I may further add that, our first quarter of 2010-11 sales have been encouraging, which augurs well for the Company and all its valued stakeholders.

To maintain our progressive momentum, our new plants at Haridwar in Uttarakhand

and at Sanand in Gujarat are moving ahead on schedule. Commercial production has commenced at Haridwar in the last quarter of 2009-10, enabling us to start supplies to one of our largest customers, Hero Honda Motors, for whom we have set up this facility. Simultaneously, the Sanand unit, for which Tata Motors has allotted the land to your Company on deferred payment basis, is slated to begin operations during the financial year 2010-11. When it goes on stream, the plant will supply components for Nano cars to the Tata plant located right in the vicinity. These parts are being currently delivered from our Gurgaon facility.

With an eye on future growth, your Company has taken several measures to explore newer opportunities as well as expand our business with existing customers. For example, we are looking at adding higher value products to diversify

and broad-base our portfolio. Our dedicated account teams are focussed on their individual clients and expanding our customer basket. We are also implementing a strategic cost reduction and significant productivity improvement action plans to improve our competitiveness and profitability.

In short, Rico is poised to consolidate and grow. Thanks to our high professionalism and technological expertise, our dedicated workforce and policy of continuous improvement, we look forward to the future with confidence.

I take this opportunity to thank all our valued customers, employees, associates, vendors, bankers and stakeholders for their support to the Company throughout the year.

Arvind Kapur
Vice Chairman,
CEO & Managing Director



In Conversation with the MD

How would you read the performance for 2009-10 and what challenges do you foresee in the next year?

The Financial Year 2009-10 was both an encouraging and challenging year for your Company. During the year, Rico Auto's Standalone Net Sales grew by 3.3% from Rs 765.7 crores to Rs 790.7 crores and as a Consolidated Group our Gross Revenue grew by 5.6% from Rs 1029.4 crores to Rs 1087.4 crores. The standalone Profit after Tax (PAT) grew by 28.5% from Rs 4.7 crores to Rs 6.1 crores. The Company is moving towards stability after the lingering impact of recession of 2009 and an unfortunate labour unrest at our Gurgaon Plant from 21st September to 5th November, 2009.

The strike led to a loss of sales of approximately Rs 42.0 crores and also resulted in extra costs of Rs 11.7 crores incurred on air freight and other expenses to keep our customer's lines running. Your management has taken positive actions by reaching a 3 year wage settlement with our associate colleagues, successfully launching and concluding a voluntary retirement scheme and initiating an enterprise wide projects to build "culture of high performance in the organization" along with external consultants.

In the coming year our key customers Hero Honda, Honda Motorcycle and Scooter India, Maruti Suzuki, Tata Cummins and Tata Motors

have aggressive growth plans. We expect to grow our business with them on the back of volume increase and new product launches. We are happy to state that we were able to achieve net sales of Rs 249.0 crores in the first quarter of 2010-11 which represents a growth of 26% over the corresponding period of the previous year. We did lose some business as a fall out of the strike in the global market place, however, we have regained our customer's confidence based on our efforts. The primary challenge in the coming year is to improve our profitability, which we aim to do both by significant improvement in productivity, efficiency and building customer focus.

What measures are being taken by RICO to address the upsurge of demand in the Automotive Industry?

We have seen a recent upsurge in both the domestic and global automotive markets. This is on the back of some signs of improvement in the global economic scenario and the pent up demand for vehicles in India. Rico is poised to ride this wave of increased demand for its products. The focus of our Company is to improve capacity utilization and productivity at all its facilities. In addition, it has enhanced its capacity at its new sites at Bhiwadi and Haridwar and will shortly commence production in new facilities at Sanand and Bawal during the financial year 2010-11.

This will help in achieving double digit growth of its top line in the current financial year.

How is your Company addressing its C.S.R. (Corporate Social Responsibility)?

Rico gives a lot of attention to its Corporate Social Responsibility by continuous improvements and developments in environment, health & safety areas, as well as giving back to the society in which it operates. We are focussed on building a long term sustainable enterprise and helping the communities around our plants to improve their quality of life.

Our goals are

- To raise the quality and quantity of industrial production by systematic training of workers.
- To reduce unemployment amongst the educated youth by making them employed in various industrial organizations.
- To ensure steady flow of skilled workers in different trades in the industry.
- Provide help to adopted schools & ITIs, provide clean drinking water, educate children & students to conserve water resources.
- Training & awareness on Environment, Health & Safety issues.

Water is a scarce resource. In India, availability of clean drinking water is a major concern for many communities. We are committed to improving this situation and as a first step we are creating awareness within the communities

to provide clean drinking water. Rico supports its adopted schools and we have supported the construction of drinking water supply systems and drainage channels in some villages. We have also installed necessary water systems in the ITIs. We are also providing awareness & technical support for the rainwater harvesting.

For our adopted schools we are providing the necessary infrastructure like electrical equipments & furniture, we distribute the required books and are upgrading primary schools to middle schools. We are also creating awareness in villages to maintain green belt facilities and we conduct blood donation camps, safety, fire, environment & health awareness campaigns.

Please tell us about the progress of your JVs?

FCC Rico - FCC Rico has been running successfully for over a decade. It is one of the best run Indo-Japanese Joint Ventures in the Auto Component Sector, delivering failure-free profitable performance consistently since inception. FCC Rico grew its sales by 25% from Rs 411.1 crores to Rs 512.2 crores.

Continental Rico - Continental Rico Hydraulic Brakes India Private Limited is our 50:50 joint venture with Continental Automotive Systems, Germany. The Joint Venture Company has started supplies to Fiat in FY 2009-10 and achieved a turnover of Rs 14.0 crores. The JV will start supplying to other OEMs from FY 2010-11 and is expected to achieve a turnover in the range of Rs 25-30 crores. The market for Hydraulic Brake Systems is extremely

In Conversation with the MD

competitive and our Joint Venture is working aggressively on developing competitive solutions across OEMs.

Magna Rico - The Company has started commercial production in the last quarter of 2009-10. It has ramped up production and is going to launch new programmes and is expected to achieve an estimated turnover of Rs 15.0 crores in the current financial year. It is in the process of developing integrated design, testing and validation capabilities for oil and water pump applications for automotive use.

Rico Jinfei - This Joint Venture for Alloy Wheel has been set up with technical assistance from Jinfei China with active support of HMSI. It has started supplying wheels from Jinfei China to HMSI in the last financial year. Rico Jinfei has now been approved by Honda for producing Wheels locally. The locally produced supplies will be starting from September, 2010.

The Company had labour unrest in the last year. How are we addressing the issue in the long term?

Subsequent to labour unrest during Sept-Nov, 2009 our HR function and Plant Management teams have interacted with labour associates very actively and aggressively. A workers' union has been formed at the Gurgaon Plant. The workers' union and the Management have excellent cordial relations and a three-year wage settlement agreement has been signed. The industrial relations at Dharuhera Plant continue to be cordial and a wage settlement agreement for three years has been signed with Dharuhera union as well.

As I mentioned above, we have emerged stronger post the strike. We have taken long term initiatives, we are expanding outside Gurgaon and we are undertaking long term projects that will significantly improve our people processes and develop all our associates.

What about the export market growth scenario?

In 2009, the large global economies in Europe, North America and Japan provided financial bailout packages to revive their economy keeping a strong focus on the financial and automotive sectors. There was an initial boost provided by the Governments in USA & Europe through "cash for clunkers" scheme to bolster the passenger car segment and fuel demand for the product. This scheme was able to achieve stability of production capacity utilization and employment across the automotive sector.

2010 has witnessed strong economic signs of recovery and significant improvement in demand of vehicles compared to the previous year. Your Company is present in the passenger car segment and on & off highway segment of small and medium to heavy duty commercial vehicles. Each of these segments are showing sign of resurgence and significant growth in exports. The Company is involved in excellent programmes across diverse customers and is able to deliver high growth numbers in sales and launch new products. The export sales are expected to grow double digits as compared to the previous year.

Contents

Team & Corporate Information	2
Notice	3
Directors' Report	6
Management Discussion and Analysis Report	12
Corporate Governance Report	14
Auditors' Report	29
Balance Sheet	32
Profit and Loss Account	33
Schedules to Balance Sheet	34
Schedules to Profit and Loss Account	39
Additional Information	49
Balance Sheet Abstract	52
Cash Flow Statement	53
Statement and Financial Summary of Subsidiaries	55
Consolidated Financial Statements	57

Team and Corporate Information

Board of Directors

Chandra Mohan
Chairman

Anup Singh

Prof. Vinod Kumar Bhalla

Kanwal Monga

Amarjit Chopra

Dr. Ashok Seth

Satish Sekhri

Rakesh Kapur

Arun Kapur

Joint Managing Director

Arvind Kapur

Vice Chairman, CEO & Managing Director

Senior Executives

O P Aggarwal

R S Kundi

N K Sethi

G S Bisht

Rajiv Bajaj

Surendra Singh

Vivek Hazari

S K Jain

Anuj Singhal

Manjit Singh

R K Miglani

Rakesh Nagpal

M K Jain

R Dharna

C P Gupta

Sachinder Kaul

Company Secretary

B M Jhamb

Auditors

Gupta Vigg & Co.

Firm Regn. No.001393N

Chartered Accountants

New Delhi (India)

Audit Committee

Anup Singh

Chairman

Prof. Vinod Kumar Bhalla

Amarjit Chopra

Shareholders' Grievance Committee

Anup Singh

Chairman

Prof. Vinod Kumar Bhalla

Amarjit Chopra

Rakesh Kapur

Bankers (in alphabetical order)

AXIS Bank Limited

Citibank N A

DBS Bank Limited

IDBI Bank Limited

HDFC Bank Limited

Kotak Mahindra Bank Limited

Standard Chartered Bank

State Bank of India

State Bank of Hyderabad

State Bank of Patiala

The Bank of Nova Scotia

The Hongkong & Shanghai Banking

Corporation Limited

Yes Bank Limited

Registered Office & Dharuhera Plant

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

Corporate Office & Gurgaon Plant

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

Share Transfer Agent

MCS Limited

Srivenkatesh Bhavan

F-65, Okhla Industrial Area, Phase I

New Delhi – 110 020 (India)

NOTICE

Notice is hereby given that the 27th ANNUAL GENERAL MEETING of the Members of RICO AUTO INDUSTRIES LIMITED will be held on Thursday, the 30th day of September, 2010 at 4.00 P.M. at the Registered Office of the Company at 69 KM Stone, Delhi-Jaipur Highway, Dharuhera, Distt. Rewari, Haryana to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2010 and the Profit and Loss Account for the year ended on that date together with the Reports of Directors' and Auditors' thereon.
2. To declare Dividend on Equity Shares for the year ended 31st March, 2010.
3. To appoint a Director in place of Shri Chandra Mohan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. Ashok Seth, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors for the financial year 2010-11 to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration. M/s. Gupta Vigg & Co., Chartered Accountants (Registration No. 001393N), the retiring Auditors are eligible for re-appointment.

SPECIAL BUSINESS

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

6. AS AN ORDINARY RESOLUTION

"Resolved that Shri Satish Sekhri, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice U/S 257 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company liable to retire by rotation."

7. AS A SPECIAL RESOLUTION

"Resolved that in conformity with the provisions of Article 93 of the Articles of Association of the Company and pursuant to the provisions of Section 309(4), 310 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, consent of the Shareholders of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as the "Board") to pay commission (over and above the payment of sitting fee) to all the Directors of the Company (other than a Managing/ Joint Managing/Wholtime Director) at the rate of one per cent of the net profits of the Company subject to a maximum limit of Rs.24.00 lacs (Rupees Twenty four lacs only) in each financial year to be calculated in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956 over a period of five years from the financial year

2010-11 to 2014-15 to be divided between such Directors in such manner as the Board may determine from time to time."

By Order of the Board
for Rico Auto Industries Limited

Place : Gurgaon
Dated : 12th August, 2010

B.M. Jhamb
Company Secretary

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.**
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 18/09/2010 to 30/09/2010 (both days inclusive).
3. Dividend to Shareholders as recommended by the Board of Directors for the year ended 31st March, 2010, when declared at the meeting, will be paid:
 - a) to those members whose name appear in the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company or its Registrar on or before 17th September, 2010; and
 - b) in respect of shares held in electronic form, to those "beneficiaries" whose name appear on the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), at the end of business hours on 17th September, 2010.

The Company will dispatch the dividend warrants on or after 6th October, 2010 onwards.
4. Members are requested to notify change in their address.
5. Members are requested to intimate their queries, if any, on the Annual Report so as to reach at least seven days before the date of the meeting to enable replies at the Annual General Meeting.
6. Members holding shares in physical form, who have not yet forwarded details either of their Bank Account or National Electronic Clearing Service (NECS) mandates are requested to furnish the same to the Company.
7. Members holding shares in dematerialized mode are requested to intimate all changes with respect to their Bank details, NECS mandates, nomination, change of address to their Depository Participant (DP).
8. a) The amount of unclaimed dividend for and upto the financial year ended 31st March, 1994 has already been transferred to the General Revenue Account of the Central Government. Shareholders who have so far not claimed dividend upto the aforesaid financial year may

RICO AUTO INDUSTRIES LIMITED

claim their dividend from the Registrar of Companies, NCT of Delhi and Haryana by submitting an application in the prescribed form.

- b) Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, the amount of dividend which remains unpaid/unclaimed for a period of 7 years is transferred to the "Investor Education and Protection Fund" (IEPF), constituted by the Central Government and member(s) would not be able to claim any amount of dividend so transferred to IEPF. As such, member(s) who have not yet encashed his/their dividend warrant(s) is/are requested in his/their own interest to write to the Company for claiming outstanding dividend declared by the Company during the years 2003 and onwards.

The amount of unpaid or unclaimed dividend relating to the financial year ended 31st March, 1995 to 31st March, 2002 have already been transferred to the IEPF.

9. a) Shareholders of erstwhile Rico Agroils Limited who have not yet exchanged their Share Certificates may surrender the same at the Corporate Office of the Company.
- b) The Equity Shares of the Company of face value of Rs.10/- (Rupees Ten only) each has been sub-divided into 10 Equity Shares of face value of Re.1/- (Rupee One only) each w.e.f. 18th March, 2005 being the Record Date for the same. Members holding shares in physical form and who have not yet surrendered the physical share certificate(s) for sub-division may send the share certificate(s) to the Corporate Office of the Company.
10. Members must quote their Folio No./DP ID No. and contact details such as email address, telephone number etc. in all correspondence with the Company/Registrar and Share Transfer Agent.
11. As per the Circular issued by Securities and Exchange Board of India (SEBI) it is mandatory to quote PAN for transfer or transmission of shares in physical form. Therefore, the Shareholders are requested to furnish a copy of their PAN to the Company/Registrar & Share Transfer Agent of the Company.
12. All documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days except Sundays and Public Holidays between 10.00 a.m. to 12.30 p.m. upto the date of the Annual General Meeting.
13. The information as required by the Clause 49 of the Listing Agreement regarding re-appointment of Directors is given below:

Item No. 3

Shri Chandra Mohan

Shri Chandra Mohan Padmashri Awardee, born on 30/12/1932 was appointed as Chairman by the Board of Directors on 30th January, 1985 is B.A. (Hons.) B.Sc. (Hons.), Mech. Engg., AMIE London, FIE (India) and a renowned professional having more than 56 years Industrial and Administrative experience. Under his stewardship and professional guidance especially on technical matters, the Company has achieved a significant position

in the Automobile Component Manufacturing Industry. He is also Director of the following Companies:

1. Engineering Innovations Limited
2. Sandhar Technologies Limited
3. Winsome Textile Industries Limited
4. DCM Engineering Limited
5. KDDL Limited
6. IOL Chemicals & Pharmaceuticals Limited
7. Winsome Yarns Limited
8. Mobisoft Telesolutions Private Limited
9. Meera Explorations Private Limited
10. Nextgen Telesolutions Private Limited

He is member of the following Committees:

- | | | |
|--|---|----------|
| 1. Rico Auto Industries Limited | | |
| i) Investment Committee | — | Chairman |
| 2. Winsome Yarns Limited | | |
| i) Audit Committee | — | Member |
| 3. DCM Engineering Limited | | |
| i) Audit Committee | — | Member |
| ii) Remuneration Committee | — | Member |
| 4. KDDL Limited | | |
| i) Audit Committee | — | Member |
| ii) Remuneration Committee | — | Chairman |
| 5. Winsome Textiles Industries Limited | | |
| i) Audit Committee | — | Member |
| ii) Shareholders/Investors Grievance Committee | — | Member |

He does not hold any Equity Shares of the Company.

Item No. 4

Dr. Ashok Seth

Dr. Ashok Seth Padmashri Awardee, born on 25/10/1954 was appointed as Director by the Board of Directors on 13th May, 2004 is FRCP (London, Edinburg, Ireland), FACC, FSCAI (USA), FIMSA, D.Sc. (Honoris Causa). He is Chairman of Escorts Heart Institute and Research Centre Limited, New Delhi, India. Earlier he was Chairman & Chief Cardiologist of the Max Healthcare Institute Limited, New Delhi, India. He has been the Vice President of Cardiological Society of India and is presently the President - Cardiological Society of India, Delhi Branch and President Elect of Cardiological Society of India, National Body.

He is a member of several prestigious international scientific bodies. He is an honorary faculty to various medical colleges in India and Overseas. He has been invited extensively to lecture and teach in numerous international meetings across the World. He is also the Board of Trustees of Society for Cardiovascular Angiography and Interventions (SCAI), USA.

He is Founder Governor and Honorary Secretary of the Endovascular Intervention Society of India & is Governor/Advisory Boards and Executive Committees of numerous important International Organizations such as the Asia Pacific Society of Interventional Cardiology, SAARC Cardiac Society and Indo-French Cardiovascular Foundation and Academy of TCT, Washington USA. He is also on Editorial Boards of International Scientific Journals. He is Advisor to ICMR on Task force of developing indigenous Cardiovascular implants. He is also the

Member of the Monitoring Committee of CSIR for "Novel Method for Development of B-Type Natriuretic Peptide (BNP) for the diagnosis and treatment of Congestive Heart Failure". He is also Director of the following Companies:

1. Escorts Heart Institute and Research Centre Limited
2. Vascard Healthcare & Services Private Limited
3. Body & Mind Healthcare Private Limited

He is holding 25000 (0.02%) Equity Shares of the Company.

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

Item No. 6

Shri Satish Sekhri was co-opted as an Additional Director in the Board's meeting held on 28th May, 2010 and he holds office upto the date of the forthcoming Annual General Meeting. The Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member alongwith requisite deposit signifying intention to propose the name of Shri Satish Sekhri as a candidate for the office of Director of the Company.

Shri Satish Sekhri, born on 28th March, 1950 is B.E. (Mech.), Delhi College of Engineering 1971 (First Class with Distinction) & MBA, Chandigarh 1973 (First Class First in University, Gold Medalist). He has vast experience of 37 years in the field of Automotive Industry. He held the position of Managing Director in Bosch Chassis Systems India Limited, Pune from 1995 to March, 2010. He held the position of Chairman in Precision Seals Manufacturing Limited, Pune upto March, 2010. He is also holding the position of Executive Committee Member of Professional Bodies namely (a) Automotive Component Manufacturers Association (b) Mahratta Chamber of Commerce, Industries & Agriculture; and (c) CII Pune Zonal Council.

He is also Director of the following Companies:

1. Clutch Auto Limited
2. Victor Gaskets India Limited

He is member of the following Committees:

- | | | |
|---------------------------------|---|--------|
| 1. Clutch Auto Limited | | |
| i) Audit Committee | — | Member |
| 2. Victor Gaskets India Limited | | |
| i) Audit Committee | — | Member |

He is holding 1500 Equity Shares of the Company.

The Board of Directors consider it desirable that the Company should continue to avail services of Shri Satish Sekhri as a Director and accordingly recommends the resolution at Item No. 6 of the Notice for your approval.

None of the Directors except Shri Satish Sekhri is concerned or interested in the said resolution.

Item No. 7

At the 22nd Annual General Meeting held on 30th September, 2005 the Shareholders had approved the payment of commission to all Non-Wholtime Directors, for a period of five years valid upto 31st March, 2010, equivalent to a total of one per cent of the net profits of the Company subject to a maximum of Rs.18.00 lacs (Rupees Eighteen lacs only) for each financial year. As members are aware, the entire management of the Company vests in the Board of Directors and keeping in view their continued involvement in the affairs of the Company, it is proposed to renew the payment of commission to them at the rate of one per cent of the Net Profits of the Company computed as per the provision of Sections 198, 349 & 350 of the Companies Act, 1956 for a further five years commencing from 01/04/2010 to 31/03/2015, which would be subject to the monetary limit of Rs.24.00 lacs (Rupees Twenty Four lacs only) per annum to be divided amongst all the Non-Wholtime Directors in such manner as the Board may determine from time to time. Since the payment of commission in addition to the payment of sitting fee is considered as an increase in remuneration and as such, the proposal is subject to the approval of the Central Government in terms of Section 310 of the Companies Act, 1956.

The Board of Directors of your Company recommends the Special Resolution at Item No. 7 of the Notice for your approval.

Shri Chandra Mohan, Shri Anup Singh, Prof. Vinod Kumar Bhalla, Shri Kanwal Monga, Shri Amarjit Chopra, Dr. Ashok Seth, Shri Satish Sekhri and Shri Rakesh Kapur, Directors of the Company are interested in the resolution to the extent the commission is payable to them in accordance with the resolution set out at Item No. 7.

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

Place : Gurgaon
Dated : 12th August, 2010

B.M. Jhamb
Company Secretary

DIRECTORS' REPORT

To the Shareholders,

Your Directors have pleasure in presenting the 27th Annual Report of your Company, together with the Audited Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS

(Rs. in Crores)

	Current Year 31/03/2010	Previous Year 31/03/2009
Gross Sales and other Income	842.89	844.41
Net Sales and other Income	790.68	765.67
Profit before Interest & Depreciation	93.60	98.36
Less : Interest & Financial charges	41.00	45.47
Profit before Depreciation and Tax	52.60	52.89
Depreciation	47.62	50.02
Fringe Benefit Tax	—	0.62
Provision for Income Tax	0.04	0.05
Provision for Deferred Tax	(1.13)	(2.55)
Net Profit	6.07	4.75
Appropriations:		
Proposed Dividend on Equity Shares @15%	1.93	—
Dividend on Equity Shares @15%	—	1.88
Corporate Dividend Tax	0.32	0.32
Transferred to General Reserve	0.38	0.24
Balance carried to Balance Sheet	3.44	2.31
	6.07	4.75

Your Company has recorded a turnover of Rs.842.89 crores in the year under report as against Rs.844.41 crores in the previous year. Your Company has earned a Profit after Tax (PAT) of Rs.6.07 crores over the previous year's PAT of Rs.4.75 crores despite the labour unrest at the Gurgaon Plant during the period from 21st September, 2009 to 5th November, 2009. There was a production loss of around Rs.42.00 crores both for domestic and overseas customers. An amount of Rs.9.56 crores have been spent on account of Air Freight mainly for exports to meet the commitment of our OEM Customers in USA and Europe.

OUTLOOK FOR CURRENT YEAR

The Unaudited Financial Results for the quarter ended 30th June, 2010, already announced, show a turnover of Rs.248.93 crores for the first quarter of the current year against a turnover of Rs.197.21 crores of the corresponding quarter of the previous year, an increase in turnover by 26.23 per cent. Your Directors are taking steps to improve the turnover and margin during the remaining part of the year.

RESERVES

The reserves of your Company after proposed appropriations shall stand at Rs.272.15 crores (including premium of Rs.5.40

crores received on conversion of warrants into equity shares) as against Rs.260.13 crores in the previous year.

EXPORT

The export turnover of your Company during the period under review was Rs.147.84 crores as against Rs.125.68 crores in the previous year. The export turnover includes sale to Wholly Owned Subsidiaries amounting to Rs.114.03 crores as against Rs.120.80 crores in the previous year.

During the quarter ended 30th June, 2010 of current year export turnover was Rs.55.00 crores as against Rs.29.02 crores in the corresponding quarter of the previous year. Further details as regards efforts of your Company on this front have been dealt with in the Management Discussion and Analysis section of this report.

DIVIDEND

Your Directors have recommended a Dividend @15 per cent i.e. Re.0.15 per Equity Share of Re.1/- each for the financial year 2009-10, amounting to Rs.2.25 crores including dividend tax of Rs.0.32 crore on the enhanced Equity Share Capital of Rs.12.89 crores as against a dividend of same percentage i.e. Re.0.15 per Equity Share of Re.1/- each aggregating to Rs.2.20 crores including dividend tax of Rs.0.32 crore in the previous year on the Equity Share Capital of Rs.12.56 crores.

SHARE CAPITAL

The Company has made preferential allotment of 97,00,000 Warrants convertible in one or more tranches within 18 months from the date of allotment date i.e. 11th July, 2009 into equal number of Equity Shares of Rupee One each at a premium of Rs.16.50 per share to the Promoter Group Company. An upfront payment has been received @Rs.4.40 per warrant aggregating to Rs.4.27 crores and balance amount will be received at the time of conversion of the warrants. During the financial year under report 32,70,000 warrants out of the aforesaid 97,00,000 warrants, have been converted by way of first tranche into 32,70,000 Equity Shares of Re.1/- each at a premium of Rs.16.50 per share after receipt of balance amount aggregating to Rs.4.28 crores. The amount collected has been utilized for the purpose it was raised. The paid-up Equity Share Capital has increased to Rs.12.89 crores from Rs.12.56 crores after this allotment.

FINANCE

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

NEW PLANTS

Your Company is undertaking continuous endeavours for expansion of its domestic and overseas customers by implementing new facilities. For establishing manufacturing facilities, your Company has started work for its:

A. Haridwar Plant

This plant has commenced commercial production in the last quarter of financial year under report and caters to the needs of Hero Honda Motors for its plant at Haridwar, Uttarakhand.

B. Sanand Plant, Ahmedabad

Your Company has been allotted land at Sanand by TATA Motors against deferred payments. This Plant is being established for supplies to TATA Motors for its Nano Car and is expected to commence commercial production during the financial year 2010-11. At present, the required components for Nano Car project are being supplied from the Gurgaon Plant.

C. Chennai Plant

The civil work to establish a Plant to manufacture Auto Components has started at Oragadam, Chennai on the land allotted by SIPCOT Industrial Growth Centre in the state of Tamil Nadu.

D. Bhiwadi Plant

In the state of Rajasthan, approx. 45500 Sqm. land has been allotted by Rajasthan State Industrial Development & Investment Corporation Limited (RIICO) at Industrial Area, Pathredi, Bhiwadi, Distt. Alwar for setting up a Auto Components Manufacturing Plant.

SUBSIDIARY COMPANIES

Your Company has Unlisted Wholly Owned Subsidiaries:

A. Rico Auto Industries Inc., USA

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

The Company earned a total revenue of Rs.100.16 crores during the financial year ended 31st March, 2010 as against Rs.106.13 crores in the previous year, a decrease of 6 per cent. The Company earned a net profit of Rs.0.20 crore as against Rs.3.04 crores in the previous year. This Company has not declared any dividend for the financial year ended 31st March, 2010.

This Subsidiary has achieved a turnover of Rs.22.02 crores for the quarter ended 30th June, 2010 as against Rs.21.27 crores in the corresponding quarter of the previous year, an increase of 3.52 per cent. During the financial year and period under review your Company has not made any additional investment in this Subsidiary.

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

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

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

The Company earned a total revenue of Rs.31.54 crores during the financial year ended 31st March, 2010 as against Rs.39.58 crores in the previous year. The Company earned a net profit of Rs.0.52 crore as against loss of Rs.0.38 crore in the previous year. This Company has not declared any dividend for the financial year ended 31st March, 2010.

This Subsidiary has achieved a turnover of Rs.13.07 crores for the quarter ended 30th June, 2010 as against Rs.8.38 crores in the corresponding quarter of the previous year. During the financial year and period under review your Company has not made any additional investment in this Subsidiary.

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

C. Rasa Autocom Limited

Rasa Autocom Limited was incorporated on 5th September, 2007. Your Company has invested Rs.0.08 crore in the entire Equity Share Capital of this Company and consequently it became Wholly Owned Subsidiary Company. A loan of Rs.8.71 crores has also been given to this Company as on 30th June, 2010. The Company is nearing completion of civil work of its plant being established at Bawal, District Rewari (Haryana) to manufacture auto components and is expected to start the commercial production during the financial year 2010-11.

D. Uttarakhand Automotives Limited

Uttarakhand Automotives Limited was incorporated on 4th June, 2007. Your Company has invested Rs.0.41 crore in the entire Equity Share Capital of this Company and consequently it became Wholly Owned Subsidiary Company. A loan of Rs.16.72 crores has also been given to this Company as on 30th June, 2010 towards the cost of land.

E. RAA Autocom Limited

RAA Autocom Limited was incorporated on 27th May, 2008. Your Company has invested Rs.0.05 crore in the entire Equity Share Capital of this Company and consequently it became Wholly Owned Subsidiary Company. A loan of Rs.3.92 crores has also been given to this Company as on 30th June, 2010.

SUBSIDIARY & JOINT VENTURE COMPANIES

A. Rico Jinfei Wheels Limited

Rico Jinfei Wheels Limited has started trading of Alloy Wheels and earned an income of Rs.8.65 crores for the financial year ended 31st March, 2010. This Company has earned a Profit after Tax (PAT) of Rs.0.05 crore in the financial year ended 31st March, 2010 as against a loss of Rs.0.40 crore in the previous year. This Company expects to commence the commercial production by September, 2010.

Your Company has invested Rs.9.25 crores in the Equity Share Capital and given a loan of Rs.16.07 crores towards the financing of the project as on 30th June, 2010.

B. KRP Auto Industries Limited

Your Company has entered into an agreement with M/s. Kailash Royal Premium Projects Private Limited on 23rd December, 2009 for promotion of a Joint Venture Company for manufacturing of automobile components at Bangalore. This Joint Venture Company has equity participation of 95 per cent from Rico Auto and the balance by M/s. Kailash Royal Premium Projects Private Limited. The Joint Venture Company namely M/s. KRP Auto Industries Limited was incorporated on 15th January, 2010 and is in the process of establishing its plant on the land which has been allotted by Karnataka Industrial Area Development Board (KIADB) at Bommasandra Jigani Link Road Industrial Area, Bangalore.

Your Company has invested Rs.0.05 crore in the Equity Share Capital of this Joint Venture Company as on 31st March, 2010 consequently it has become Subsidiary Company. The first financial year of this Company would close on 31st March, 2011.

JOINT VENTURE COMPANIES

A. FCC Rico Limited

FCC Rico recorded a turnover of Rs.512.17 crores for the financial year ended 31st March, 2010 as against Rs.411.06 crores in the previous year, a growth of 24.60 per cent. The Board of this Company has recommended a dividend of 121 per cent for the year ended 31st March, 2010. Your Company expects to receive an amount of Rs.4.78 crores by way of dividend on its investment.

B. Continental Rico Hydraulic Brakes India Private Limited

Continental Rico recorded a turnover of Rs.14.03 crores in the financial year ended 31st March, 2010 as against Rs.2.74 crores in the previous year. Your Company has so far invested Rs.46.75 crores in the Equity Share Capital as on 30th June, 2010.

C. Magna Rico Powertrain Private Limited

Magna Rico recorded a turnover of Rs.1.74 crores in the financial year ended 31st March, 2010 as against Rs.0.34 crore in the previous year. Your Company has so far invested Rs.9.62 crores in the Equity Share Capital as on 30th June, 2010.

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.

The Statement required under section 212 of the Companies Act, 1956 in respect of the Subsidiaries of the Company is annexed to this Report alongwith a summary of their financial performance. An exemption has been received from Ministry of Corporate Affairs, Government of India from annexing the accounts and other documents pertaining to the subsidiaries, under section 212(8) of the Companies Act, 1956.

FIXED DEPOSITS

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (MDA)

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

CORPORATE GOVERNANCE

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) in the preparation of the annual accounts for the financial year ended 31st March, 2010 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, 2010 and of the profit for the year 1st April, 2009 to 31st March, 2010;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities; and
- iv) the annual accounts for the financial year ended 31st March, 2010 have been prepared on a going concern basis.

AUDIT COMMITTEE

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

LISTING OF EQUITY SHARES

The Equity Shares of your Company are presently listed on Bombay Stock Exchange Limited & The National Stock Exchange of India Limited. The Annual Listing Fees have been paid for the financial year 2010-11.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of your Company, Shri Chandra Mohan and Dr. Ashok Seth, Directors will retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Shri Satish Sekhri has been appointed as an Additional Director by the Board of Directors on 28th May, 2010. He holds office upto the date of the ensuing Annual General Meeting of the Company. The Board recommends the proposal for his appointment as Director of the Company which is included in the notice of the ensuing Annual General Meeting for your approval.

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

AUDITORS

M/s. Gupta Vigg & Co. (Firm Registration No. 001393N), Chartered Accountants, Statutory Auditors of the Company hold office till the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. They have given a certificate under section 224(1B) of the Companies Act, 1956 to the effect that their re-appointment as Auditors of the Company, if made, would be in accordance with the said section. The Board recommends their re-appointment.

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

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

As required by the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in

the Report of Board of Directors) Rules, 1988, the relevant information is given in the annexure forming part of this report.

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

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

PERSONNEL

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

During the year under report the Industrial relations with personnel remained cordial, at all Plants except at the Gurgaon Plant where a labour disturbance had erupted among a section of employees

and was later on resolved amicably. The settlement has been signed by the Management and the Workers Representatives in the presence of Labour Department Officials.

Your Company keeping in view to streamline and re-structure the manpower for optimum utilization, reduce fixed cost, improve productivity, ensure greater operational efficiency has announced a Voluntary Retirement Scheme (VRS) for its employees during the quarter ended 30th June, 2010 and an amount of Rs.3.30 crores have been paid to them towards their full & final settlement.

Your Directors wish to place on record their appreciation of the sincere and unstinted support provided to the Company by its employees at all levels.

ACKNOWLEDGEMENTS

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

On behalf of the Board of Directors

Anup Singh
Director-in-Chair

Arvind Kapur
Vice Chairman,
CEO &
Managing Director

Place : Gurgaon
Dated : 12th August, 2010

ANNEXURE TO DIRECTORS' REPORT

INFORMATION UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010.

A. CONSERVATION OF ENERGY

a) Energy Conservation measures taken:

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

- i) Purchase of power through open access and minimising running of DGs.
- ii) Reduce energy consumption through Direct Buying of Aluminium Alloy Molten Metal from Vendor and reducing carbon emission.
- iii) Recycling of ETP/STP treated water for process use.
- iv) Installation of UPS for critical load application.

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

- i) Installation of Natural gas supply system to give clean environment and efficient use through Gas DGs and process heating/melting.
- ii) Solar Heating for Process Water.

c) Impact of the above Measures:

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

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

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

B. TECHNOLOGY ABSORPTION

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

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

- i) Activities relating to exports: Year 2009-10 saw a growth trend in all quarters in export to North America and Europe. New programmes with customers were launched during this period. The programmes which were launched in previous years and were in ramp up phase gathered a momentum overcoming the recessionary mode. However, due to labour issue the export sales were severely impacted but with new commitments and programmes coming up in future, export turnover is bound to rise and establish new benchmarks. In the first quarter of the current financial year, the global markets have shown stability and growth. The Company has already achieved Rs.55.00 crores of export turnover during the first quarter of the financial year 2010-11.
- ii) Initiatives taken to increase exports: In past few years we have added new products and customers in our portfolio across the globe. Most of our customers have shown their intent to make us their long term strategic supply partner. This intent is based on the fact that we supported our customers with supplies and new launches even during turbulent phases. Currently RICO is focusing on three pronged strategy (a) New parts with existing customers (b) Increase in share of business wherever there is a scope; and (c) Target new customers.
- iii) Development of new export markets, products and services: We feel that there will be a measured recovery of the automotive industry over the next few years. Due to the cost and capacity pressure in the North American and European markets, there will be additional opportunities that will present themselves and our teams are working towards exploring new business opportunities and customers.

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

- iv) Export plans: The export market is showing signs of revival and your Company is confident that it will be able to maintain double digit growth of its sales to its export customers. This will also be on the back of new product launches that have been done last two quarters.

g) Total foreign exchange used and earned:

(Rs. in Crores)

Particulars	2009-2010	2008-2009
i) CIF value of imports	69.22	42.37
ii) Expenditure in foreign currency	3.06	2.70
iii) Foreign Exchange earned	137.29	141.65

FORM – B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

A. RESEARCH & DEVELOPMENT (R&D)

1. Specific areas in which R&D carried out by the Company:
 - a) Foundry Sand Disposal : R&D team took the initiative in finding the means of usage of discarded foundry sand. After contacting national & international institutes, the methodology found was to use it in construction industry for 'low bearing load'. Successful trials have been conducted by making 'road divider concrete block', using certain percentage of discarded fine sand. Preparations are being carried out for regular dispatching of the same to the nearby manufacturer.
 - b) Die Coating : HPDC dies were coated from 3 international sources and one of them has shown excellent result. Further trial preparation for a bigger die coating is being made.
 - c) Automated Guided Vehicle (AGV) : We have made a prototype and the same has been tested on shop floor under controlled atmosphere. The same will be tested on the actual shop floor to transport the aluminium fettling runner-risers to melting furnace. This project has been conceptualized to reduce the non-value added activities on the shop floor.
 - d) Die life enhancement : In a view of improving the die life, our team has designed an experiment and taken trials of same inserts with different material source, heat treatment source, coating source etc. Based on that future decision for the material source can be taken.
 - e) Al dross recovery : A source has been found to recover pure aluminium from its dross. Further actions are being explored.
2. Benefits derived as a result of R&D:
 - a) Tremendous improvement in confidence amongst team members.
 - b) Confidence built-up amongst R&D personnel for the multiple usages of the testing equipments.
 - c) Team working and cross-functional activities improved.
3. Future plan of action:
 - a) To make the AGV functional and implement in all RICO establishments.
 - b) To complete the incomplete projects in hand.
 - c) To take part in other future projects.
4. Expenditure on R&D:

a) Capital Expenditure (Net of Sale/Disposal) including Capital Work-in-Progress as on 31/03/2010	:	Rs.8.59 crores
b) Capital Expenditure during the year 2009-10	:	Rs.0.00 crores
c) Capital Work-in-Progress during the year 2009-10 (decrease)	: (-)	Rs.0.04 crores
d) Recurring Expenditure	:	Rs.0.56 crores
e) Depreciation	:	Rs.0.47 crores
f) Total (b to e)	:	Rs.0.99 crores
g) Total R&D expenditure as percentage to total turnover	:	0.12%

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief, made towards technology absorption, adaptation & innovation:
 - Vibration durability test techniques have been learnt and absorbed.
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.
 - Prediction of probable failure during cyclic use of products and consequent improvement in their design.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:

Technology Imported:

 - i) The Company has signed a licensing and technological agreement with Teksid Aluminium of Italy to develop Aluminium Engine Blocks and Heads to be produced with High and Low Pressure Die Cast, gravity and lost foam process.
 - a) Year of import 2006
 - b) Has technology been fully absorbed Yes
 - c) If not fully absorbed, areas where this has not taken place, reasons & future course of action N.A.
 - ii) The Company has signed a Technical Assistance Agreement with HONSEL AG of Germany to develop and manufacture Aluminium Cylinder Blocks for Diesel Engines solely relating to the 2-Cylinder blocks for "Tata Nano Diesel".
 - a) Year of import 2009
 - b) Has technology been fully absorbed Under Implementation
 - c) If not fully absorbed, areas where this has not taken place, reasons & future course of action Under Implementation

ANNEXURE TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

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

INDUSTRY STRUCTURE AND DEVELOPMENTS

Government of India in consultation with SIAM and ACMA, published the Automotive Mission Plan 2016 which envisions India:

"To emerge as the destination of choice in the world for design & manufacture of automobiles and auto components with output reaching a level of US\$ 145 billion, accounting for more than 10 per cent of the GDP and providing additional employment to 25 million people by 2016".

"Recently Ernst & Young in its study for ACMA Vision 2020 forecasts that Indian Auto Component Industry can grow from \$ 26 billion in 2009 to \$ 103 - \$ 113 billion in 2020. In rupee terms the industry can grow four fold from Rs.1.2 lac crores today (with exports at Rs.0.2 lac crores or 17% of total industry output) to Rs.4.9-Rs.5.4 lac crores in 2020 (with exports being Rs.1.3 lac crores or 25% of total industry output).

These figures demonstrate significant potential of growth in auto component industry both for the domestic market and exports from India."

The overall economic scenario in the Country is improving which is evident by the strong rebound in Industrial output with 10.4 per cent growth rate and resilience shown by service sector with 8.3 per cent growth rate. The Fiscal 2009-10, witnessed good GDP growth compared to preceding years due to recovery and revival of economy. India recorded GDP at 7.4 per cent in 2009-10 as against 6.7 per cent growth rate in 2008-09. The year witnessed up trends in price of commodities like Oil, Steel and Aluminium and among others. Inflation represented by Wholesale Price Index was in the negative zone for three months in a row till August, 2009, but thereafter increased from half per cent in September, 2009 to 9.9 per cent in March, 2010 and this resulted into increased interest rates.

The Automotive Industry as a whole has exhibited impressive growth in the financial year 2009-10 as compared to the previous year. The passenger car segment has recorded growth about 27 per cent in comparison to the 3.44 per cent growth in the previous year and two wheeler segment increased by about 25 per cent. This shows positive consumer sentiments. This growth in Auto Sector owes a lot to the stimulus packages announced by the Government and strong domestic demand.

Due to the above, Auto Components Industry in India is growing. Indian Auto Components Industry's production increased from US\$ 18.40 Billion in 2008-09 to US\$ 22.00 Billion in 2009-10 (growth of 20 per cent). Exports of Auto Components from India during the financial year 2009-10 remained flat at US\$ 3.80 Billion compared to previous year 2008-09 due to slow down in the US and European markets.

OPPORTUNITIES, THREATS AND OUTLOOK

Economic revival in India is faster as compared to the other developed nations. India has gained momentum, as a result of the government's stimulus packages to revive the economy. International Rating Agency namely Standard & Poor's Rating Services has revised the outlook on India to "STABLE" from negative in March, 2010.

Opportunities are available both in the domestic and overseas markets. Your Company, to explore opportunities with existing and new customers, has developed dedicated account teams to focus on each customer and tap potential opportunities.

To meet challenges, it has become imperative for your Company to expand geographically and therefore your Company has commissioned new plants which are:

Haridwar Plant : To cater the needs of Hero Honda Motors Limited for its plant at Haridwar, Uttarakhand, your Company has taken steps to establish a plant near to its location in Haridwar. This plant commenced commercial production in the last quarter of the financial year 2009-10.

Sanand Plant, Ahmedabad : Your Company has been allotted land at Sanand by TATA Motors against deferred payments. This Plant is being established for supplies to TATA Motors for its Nano Car. Tata Nano factory in Sanand is operational and has annual capacity to roll out 250000 Nanos. Our Plant is expected to commence commercial production in the last quarter of current financial year 2010-11. At present, the required components for Nano Car project are being supplied from the Gurgaon Plant.

Your Company is meeting the challenge at a global level by focusing on complex higher value adding products, design & development capabilities and entering strategic tie-ups with leading global players. At present, your Company has four Joint Ventures to manufacture auto components for Indian and European markets, which would contribute towards growth and profitability of your Company in the coming years.

To address future commitments, your Company is implementing a strategic plan to build global scale and capabilities to meet the requirements of its existing as well as its new customers. Both our customers namely Hero Honda and Maruti Suzuki are dominant players in their respective industry i.e. Motor cycles and passenger cars. Your Company is not entirely export dependent which has worked to its advantage and its large domestic demand has helped prop up the turnover and has helped your Company to record net profits.

During the year 2009-10 the Company's exports turnover increased to Rs.147.84 crores from Rs.125.68 crores in the last year, a growth of 18 per cent.

On export front your Company has taken initiatives to develop new export markets for its products and services.

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

SEGMENT WISE PERFORMANCE

The Company is operating mainly in the Auto Components business.

FINANCIAL PERFORMANCE

1. Revenue

The gross revenue of Rs.842.89 crores was recorded in the financial year ended 31st March, 2010 as compared to Rs.844.41 crores in the previous year. The total revenue for the financial year ended 31st March, 2010 includes export revenue of Rs.147.84 crores as against Rs.125.68 crores.

2. Profits

The Company has earned Profit before Interest, Depreciation and Tax of Rs.93.60 crores during the financial year ended 31st March, 2010 over the previous year's profit of Rs.98.36 crores, because of increase in Employee cost and Air Freight Expenses for Export. The Profit before Tax of Rs.4.98 crores

and Profit after Tax of Rs.6.07 crores respectively recorded growth of 74 per cent and 28 per cent over the previous year Profit before Tax of Rs.2.87 crores and Profit after Tax of Rs.4.75 crores.

3. Earning Per Share (EPS)

The Basic and Diluted EPS of Re.1/- paid up share is Re.0.48 and Re.0.46 for the financial year ended 31st March, 2010 over the previous year's Basic and Diluted EPS of Rs.0.38 and Rs.0.38 respectively on Re.1/- paid up share.

4. Dividend

The Board has recommended a dividend @ 15 per cent i.e. Re.0.15 per Equity Share of Re.1/- each for the financial year ended 31st March, 2010 on enhanced Share Capital of Rs.12.89 crores at the same percentage of dividend as in the previous year.

5. Dividend Payout

The Dividend payout of Rs.2.25 crores amounts to 37.14 per cent of Profit after Tax in the financial year ended 31st March, 2010 as compared to 46.36 per cent in the previous year.

6. Investment

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

1. Rico Jinfei Wheels Limited	—	Rs.2.82 crores
2. Continental Rico Hydraulic Brakes India Private Limited	—	Rs.29.25 crores
3. Magna Rico Powertrain Private Limited	—	Rs.5.00 crores
4. KRP Auto Industries Limited	—	Rs.0.05 crore

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

7. Reserve & Surplus

The Reserve and Surplus stood at Rs.272.15 crores (including premium of Rs.5.40 crores received on conversion of warrants into equity shares) in the financial year ended 31st March, 2010 as compared to Rs.260.13 crores in the previous year, which shows an increase of 4.62 per cent year on year.

8. Loan Funds

Total debt outstanding as on 31st March, 2010 has increased to Rs.419.55 crores from Rs.370.33 crores over the previous year. The ratio of total debts to net worth now stands at 1.46 compared to 1.36 in the previous year.

9. Fixed Assets

Net Addition to gross block has been Rs.83.15 crores during the financial year ended 31st March, 2010, which has increased the total gross block to Rs.803.74 crores (Refer Schedule 4 to Balance Sheet for additional details). Net Addition to Plant & Machinery of Rs.64.45 crores comprises 77.51 per cent of the total additions made during the year. Ratio of net sales to net block has decreased from 1.60 times to 1.53 times in the financial year 2009-10. The impact of these additions would be reflected by increase in turnover in the coming financial years. These additions besides raising the plant's production capabilities & capacities to meet the increased demand of the customers will help us to reduce delivery time for customers as well.

RISKS AND CONCERNS

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

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

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

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

HUMAN RESOURCES

At RICO, our people have always been our most valuable resource. We support our people with continuous training and education facilities both in house and outside. Our relations with employees are cordial at all the plants. During the year under Report at Gurgaon Plant a labour disturbance had erupted among a section of employees and was later on resolved amicably. The settlement has been signed by the Management and the Workers Representatives in the presence of Labour Department Officials.

Your Directors wish to place on record their appreciation of the sincere and unstinted support provided to the Company by its employees at all levels.

There are 4981 employees including 2660 contractual employees in the Company as on 31st March, 2010.

ENVIRONMENT, HEALTH & SAFETY MANAGEMENT

The Company is committed to implement Environment, Health and Safety System (EHS) in the Organisation and making sure that all the legal and customer requirements will be fulfilled to do continual improvement in the system. Behaviour based safety and CDM (Clean Development Projects) are the new initiatives taken to make safe working culture and to reduce carbon emission. The Company is committed for continual improvement in the ISO-14001 and OHSAS-18001 Systems through periodic audits by one of the World's Leading Certification Registrars, DNV Auditors, Norway.

INFORMATION TECHNOLOGY

The Company has recently prepared a modern Data Centre equipped with Robust Servers to cater IT services for business needs. The Company has migrated to latest version of SAP ECC6.0 with EHP4 to compliance with IFRS and to improve functional areas. The Company has also introduced some new technologies in Networking, MPLS Cloud and Virtualization for High Availability and on demand services. Rico is fully compliant to Microsoft, SAP and other Software in terms of licenses. R&D Labs, CAD-CAM and Engineering are well placed for Rico's current and future needs.

CAUTIONARY NOTE

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

ANNEXURE TO DIRECTORS' REPORT

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

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

The compliance report on the Corporate Governance is given below:

1. COMPOSITION OF BOARD

Rico Auto's Board meets the requirement of code of Corporate Governance as stipulated in the Listing Agreement in respect of composition of the Board of Directors. It consists of 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 a Non-Executive Independent Director.

Particulars of Directors of the Company and their directorship in other Companies, Membership/Chairmanship in committees across all Companies in which they are Directors and shareholding in the Company as on 31st March, 2010:

Name of the Director	Category	Number of Committees		Number of other	Shareholding as on 31/03/2010
		Membership held#	Chairmanship held#	Directorship held#	
Shri Chandra Mohan	Independent – Non Executive Chairman	5	—	7	Nil
Shri Anup Singh	Independent – Non Executive	—	2	1	Nil
Prof. Vinod Kumar Bhalla	Independent – Non Executive	4	1	4	1500
Shri Kanwal Monga	Independent – Non Executive	1	—	3	Nil
Shri Amarjit Chopra	Independent – Non Executive	2	—	2	Nil
Dr. Ashok Seth	Independent – Non Executive	—	—	1	25000
Shri Rakesh Kapur	Non-Executive	1	—	9	2159020
Shri Arun Kapur	Executive – Jt. Managing Director	—	—	6	8651160
Shri Arvind Kapur	Executive – Vice Chairman, CEO & Managing Director	—	—	7	12652460

#Excluding Private Limited Companies

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

Shri Satish Sekhri has been appointed as an Additional Director by the Board in its meeting held on 28th May, 2010.

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

A. Managing Director and Joint Managing Director

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

B. Retirement of Directors

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

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

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

The details of the Meetings as well as attendance record of all Directors during the year 2009-10 is as under and the maximum interval between any two meetings was not more than four months:

Details of Board Meetings held

Date of the Board Meeting	Place of the Meeting	Directors	
		Number	Present
30/05/2009	Corporate Office	9	5
24/06/2009	—do—	9	7
30/07/2009	—do—	9	7
21/11/2009	—do—	9	6
29/01/2010	—do—	9	5

Attendance at Meetings

Name of the Director	No. of Board Meetings		Attended Last	
	Held	Attended	AGM*	EGM**
Shri Chandra Mohan	5	4	No	No
Shri Anup Singh	5	4	Yes	No
Prof. Vinod Kumar Bhalla	5	4	No	Yes
Shri Kanwal Monga	5	2	No	No
Shri Amarjit Chopra	5	1	No	No
Dr. Ashok Seth	5	1	No	No
Shri Rakesh Kapur	5	5	Yes	Yes
Shri Arun Kapur	5	5	Yes	Yes
Shri Arvind Kapur	5	4	No	Yes

*26th Annual General Meeting (AGM) held on 30th September, 2009 at the Registered Office of the Company.

**Extra Ordinary General Meeting (EGM) held on 27th June, 2009 at the Registered Office of the Company.

D. Post Meeting Follow-up

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

2. REMUNERATION COMMITTEE

The "Remuneration Committee" as per revised Clause 49 of Listing Agreement is a non-mandatory requirement. Remuneration Committee of the Company consisting of the three Independent and Non-Executive Directors met twice during the year 2009-2010 for considering re-appointment and payment of remuneration to Vice Chairman, CEO & Managing Director and Joint Managing Director for further period of five years w.e.f. 17th December, 2009 and 2nd May, 2010 respectively:

Name of the Director	Position held	Meeting held on	Members Present
Shri Anup Singh	Chairman	24/06/2009	2
Shri Kanwal Monga	Member	30/07/2009	3
Shri Amarjit Chopra	Member		

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

A. Remuneration Paid to Directors

The Non-Executive Directors are entitled to sitting fee and commission based on Net Profit of the Company.

The sitting fee being paid to Non-executive Directors is Rs.10000/- for attending each of the Board and the Audit Committee Meetings. The sitting fee for attending each of the Shareholders/Investors Grievance Committee Meeting is Rs.1000/-.

The Non-Executive Directors are also entitled to remuneration by way of 1 per cent Commission on net profits calculated as per the Companies Act, 1956, subject to a maximum of Rs.18.00 lacs in each financial year collectively to be divided among them as may be determined by the Board. The Shareholders and Central Government approvals for payment of Commission of Rs.18.00 lacs were obtained on 30th September, 2005 and 24th February, 2006 respectively for a period of five years w.e.f. 1st April, 2005.

After obtaining the Shareholders approval in their meeting held on 30th September, 2008, an application has been filed with the Central Government for seeking its approval for an increase in payment of commission from Rs.18.00 lacs to Rs.24.00 lacs within the overall limit of one per cent for the remaining financial years upto 31st March, 2010. The Central Government has maintained the amount of commission which was earlier approved vide its letter dated 24th February, 2006 as against our application for Rs.24.00 lacs.

RICO AUTO INDUSTRIES LIMITED

Remuneration to Managing Director and Joint Managing Director is governed by resolutions passed by the Remuneration Committee, Board of Directors and Shareholders of the Company which covers the terms of appointment and payment of remuneration. The remuneration is by way of salary, perquisites and allowances (fixed components) and commission (variable components) on net profits of the Company subject to overall ceiling of 10 per cent as stipulated in Section 198 & 309 of the Companies Act, 1956. In any financial year, if profits are inadequate to cover the remuneration of Managing Director/ Joint Managing Director then approval of the Central Government has to be sought. The Central Government has granted approval for (a) waiver of recovery of excess remuneration paid to Managing Director and Joint Managing Director during the financial year 2008-09; and (b) payment of remuneration to Managing Director and Joint Managing Director for three years w.e.f. 01/04/2009 to 31/03/2012. There is no separate provision for service contracts, notice period and payment of severance fees. The details and terms of appointment and remuneration are as covered under the resolutions passed by the Shareholders.

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

Details of the Remuneration paid during 2009-10 are given below:

(Rupees' 000)

Name of the Director	Sitting Fees	Salary	Perks	Commission*	Total
Shri Chandra Mohan	40	N.A.	N.A.	55	95
Shri Anup Singh	85	N.A.	N.A.	55	140
Prof. Vinod Kumar Bhalla	94	N.A.	N.A.	55	149
Shri Kanwal Monga	22	N.A.	N.A.	55	77
Shri Amarjit Chopra	33	N.A.	N.A.	55	88
Dr. Ashok Seth	10	N.A.	N.A.	55	65
Shri Rakesh Kapur	54	N.A.	N.A.	55	109
Shri Arun Kapur	N.A.	2400	1156	—	3556
Shri Arvind Kapur	N.A.	2400	1648	—	4048

*Commission paid for the year 2008-09

B. Stock Option

At present the Company has no stock option plans.

3. AUDIT COMMITTEE

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

Name of the Director	Position held	Meetings held on	Members Present
Shri Anup Singh	Chairman	24/06/2009	2
Prof. Vinod Kumar Bhalla	Member	25/06/2009	2
Shri Amarjit Chopra	Member	30/07/2009	3
		21/11/2009	2
		27/01/2010	2

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

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

4. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The "Shareholders/Investors Grievance Committee" as required under Clause 49 of the Listing Agreement consisting of the three Independent and one Non-Executive Director met four times during the year 2009-10:

Name of the Director	Position held	Meetings held on	Members Present
Shri Anup Singh	Chairman	24/06/2009	3
Prof. Vinod Kumar Bhalla	Member	30/07/2009	4
Shri Amarjit Chopra	Member	21/11/2009	3
Shri Rakesh Kapur	Member	27/01/2010	3

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

5. SHARE TRANSFER COMMITTEE

The Share Transfer Committee met 10 (Ten) times in the last financial year (01/04/2009 to 31/03/2010). The Minutes of each Share Transfer Committee Meeting are placed before the meetings of the Board.

Share Transfer Committee consists of the following four members:

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

Name and Designation of Compliance Officer:

Shri B.M. Jhamb – Company Secretary

6. DETAILS OF GENERAL BODY MEETINGS

<u>Financial Year</u>	<u>Type of the Meeting</u>	<u>Location of Meeting</u>	<u>Date</u>	<u>Time</u>
2006-2007	24th Annual General Meeting	Registered Office	28/09/2007	10.30 AM
2007-2008	25th Annual General Meeting	–do–	30/09/2008	10.30 AM
2008-2009	26th Annual General Meeting	–do–	30/09/2009	10.30 AM
2008-2009	Extra Ordinary General Meeting	–do–	27/06/2009	11.00 AM

Postal Ballot

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

Extra Ordinary General Meeting (27/06/2009)

- To issue upto 1,21,80,000 (One crore twenty one lacs eighty thousand only) Convertible Warrants (“Warrants”) to M/s. Kapsons Associates Investments Private Limited, the Promoter Group Company (“Warrant holder”) on preferential allotment basis which shall be convertible in one or more tranches at the option of the Warrant holder into equivalent number of Equity Shares of Re.1/- (Rupee One only) each at an Exercise Price of Rs.17.50 (Rupees Seventeen and paise fifty only) per share (including premium of Rs.16.50).

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

24th AGM (28/09/2007)

No Special Resolution was passed.

25th AGM (30/09/2008)

- To approve the increase in commission of Non-wholetime Directors to Rs.24.00 lacs (Rupees Twenty four lacs only) from Rs.18.00 lacs (Rupees Eighteen lacs only) within the overall limit of one per cent subject to the approval of the Central Government, for each financial year w.e.f. 1st April, 2008 for the remaining two years upto the financial year ending 31st March, 2010 on the existing terms and conditions as already approved.

26th AGM (30/09/2009)

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

7. DISCLOSURES

i) Related Party Transactions:

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

- A statement in summary form of transactions with related parties in the ordinary course of business is placed periodically before the Audit Committee.
- There are no material individual transactions with related parties, which are not in the normal course of business, and which are not on an arm's length basis.

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

None of the transactions with any of the related parties were in conflict with the interests of the Company. The related party's disclosure is annexed to and forms part of the accounts for the year ended 31st March, 2010 (Refer Schedule 15 at Sl.No.12).

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

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

- iv) **Risk Management:**

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

- v) **Disclosure of Accounting Treatment:**

The financial statement are prepared under the historical cost convention in accordance with applicable Accounting Standards and other requirements of the Companies Act, 1956.

- vi) **Preferential Issue:**

In terms of the approval of Shareholders obtained at the Extra Ordinary General Meeting held on 27th June, 2009, the Company has allotted 97,00,000 Convertible Warrants to Promoter Group Company namely Kapsons Associates Investments Private Limited at its option on 11th July, 2009, which would be convertible in one or more tranches at the option of the Warrant holder into equivalent number of Equity Shares of Re.1/- each at a premium of Rs.16.50 per share.

During the financial year, at the option of the Warrant holder 32,70,000 Warrants were converted on 31st March, 2010 into equivalent number of Equity Shares after receipt of the balance amount due thereon.

The aforesaid funds have been raised to augment the long term financial resources of the Company for meeting the fund requirement for ongoing expansion activities of the Company and to meet the long term working capital requirements as approved by the Shareholders and Board of Directors, the details of utilization of fund raised is as under:

Date	Particulars	Amount Received	Purpose for which Utilised
11/07/2009	Issue of 97,00,000 Warrants	Rs. 4.27 Crores	Long Term Working Capital
31/03/2010	Allotment of 32,70,000 Equity Shares	Rs. 4.28 Crores	Long Term Working Capital

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

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

- viii) **Compliance with mandatory requirements:**

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

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

- ix) **Adoption of the non-mandatory requirements:**

The Clause further states that the non-mandatory requirements may be implemented as per the discretion of the Company. The Compliance Status of the Non-Mandatory requirements of the Clause 49 of the Listing Agreement as mentioned in Annexure 1-D is as under:

A. The Board

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

B. Remuneration Committee

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

C. Shareholder Rights

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

D. Audit Qualifications

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

E. Training of Board Members

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

F. Mechanism for evaluating Non-Executive Board Member

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

G. Whistle Blower Policy

At present the Company does not have Whistle Blower Policy.

8. MEANS OF COMMUNICATION

i) Quarterly Results are published in the following newspapers:

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

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

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

9. SECRETARIAL AUDIT

Shri Sooraj Kapoor, Practicing Company Secretary carried out Secretarial 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, 2010 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 Secretarial Audit Report is being submitted to the Stock Exchanges and is also placed before the Board Meeting from time to time for confirmation.

10. CODE FOR PREVENTION OF INSIDER TRADING PRACTICES

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

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

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

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

12. CODE OF CONDUCT

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

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

I hereby confirm that:

The Company has obtained from all the Board Members and Senior Management personnel, affirmation that they have complied with the Code of Conduct for Board Members and Senior Management in respect of the financial year ended 31st March, 2010.

Arvind Kapur
Vice Chairman,
Chief Executive Officer &
Managing Director

13. CEO AND CFO CERTIFICATION

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

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

- a) We have reviewed the Balance Sheet and Profit and Loss Account (Consolidated and Unconsolidated) for the financial year ended 31st March, 2010 and all its schedules and notes on accounts, as well as the Cash Flow Statements and that to the best of our knowledge and belief:
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) These financial statements, and other financial information included in the report, present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the financial year ended 31st March, 2010 are fraudulent, illegal or violative of the Company's code of conduct.
- c) We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Company's Auditors and the Audit Committee that there are no deficiencies in the design or operation of internal controls.
- d) We have indicated to the Auditors and the Audit Committee:
 - i) that there has not been any significant changes in internal control over financial reporting during the year under report;
 - ii) that there has not been any significant changes in accounting policies during the year which required disclosure in the notes to the financial statements; and
 - iii) that we are not aware of any instances during the year under report of any fraud with involvement therein, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Arvind Kapur
Vice Chairman,
Chief Executive Officer &
Managing Director

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

Place : Gurgaon
Date : 28th May, 2010

GENERAL SHAREHOLDERS' INFORMATION

1. Annual General Meeting

Date and Time : 30th September, 2010 at 4.00 PM
 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 2009-10, Results were announced on

First quarter ended June 30, 2009 : July 30, 2009
 Second quarter and half year ended September 30, 2009 : November 21, 2009
 Third quarter ended December 31, 2009 : January 29, 2010
 Fourth quarter and year ended March 31, 2010 : May 28, 2010

For the year 2010-11, Results will be announced on (Tentative)

First quarter ending June 30, 2010 : August, 2010
 Second quarter and half year ending September 30, 2010 : November, 2010
 Third quarter ending December 31, 2010 : February, 2011
 Fourth quarter and year ending March 31, 2011 : May, 2011

3. **Dates of Book Closure** : 18th September, 2010 to 30th September, 2010 (both days inclusive).

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

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

6. **Registrar and Transfer Agent** : 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. **Share Transfer System** : **Physical**

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

Demat

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

RICO AUTO INDUSTRIES LIMITED

8. Dematerialisation of Shares and Liquidity

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

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

Break-up of Shares in Physical and Demat segment as on March 31, 2010

Segment	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
Physical	8354	17.07	9345394	7.25
Demat	40582	82.93	119509606	92.75
Total	48936	100.00	128855000	100.00

9. Investors' Services – Complaints received during the year upto March 31, 2010

Complaints from	Opening	Received	Resolved	Pending
Stock Exchanges, SEBI/Depository	Nil	9	9	Nil
Shareholders	Nil	1	1	Nil
Total	Nil	10	10	Nil

The Company has attended most of the investors' grievances/correspondence within a period of 30 days from the date of the receipt of the same during the year 2009-10.

10. Listing and Stock Codes

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

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

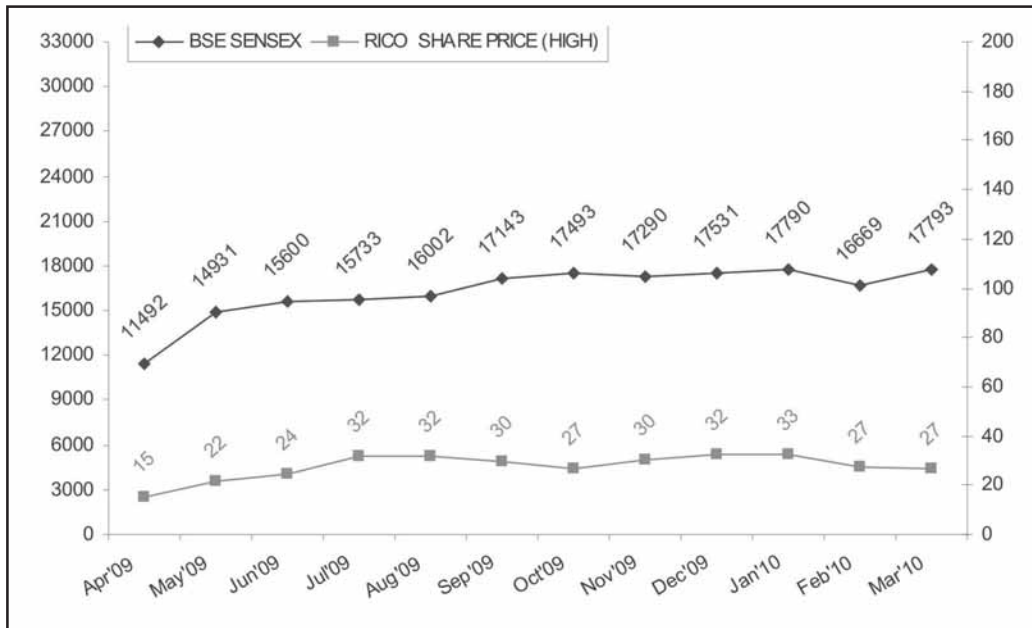
11. Stock Market Data

Monthly high & low quotations and volume of Shares of Re.1/- each traded at Bombay and National Stock Exchanges for 2009-10 are as under:

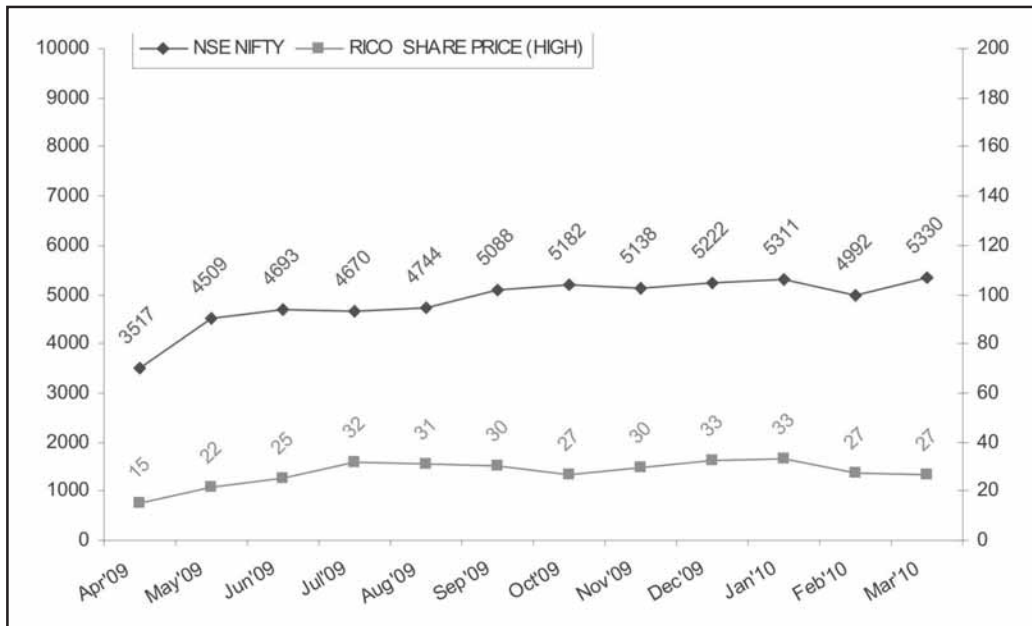
Month/Year	Bombay Stock Exchange			National Stock Exchange		
	High (Rs.)	Low (Rs.)	Volume of Shares Traded	High (Rs.)	Low (Rs.)	Volume of Shares Traded
April, 2009	15.25	9.50	2117400	15.35	9.25	3915431
May, 2009	21.59	12.65	3088519	21.60	12.50	6138823
June, 2009	24.40	17.20	3188967	24.95	17.10	5366005
July, 2009	31.70	14.80	9892299	31.90	15.00	16181228
August, 2009	31.50	23.90	4207930	31.40	23.90	7242551
September, 2009	29.95	25.15	4378659	30.05	25.05	3302089
October, 2009	26.95	21.60	1386085	26.95	21.60	1768926
November, 2009	30.00	21.50	2722982	29.85	21.50	3806691
December, 2009	32.40	26.90	5398321	32.80	26.85	7965708
January, 2010	32.80	25.00	4517019	32.90	24.55	7229071
February, 2010	27.15	22.25	1867755	27.15	22.25	2666812
March, 2010	26.95	23.60	1414326	27.00	23.75	1928348

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)



RICO AUTO INDUSTRIES LIMITED

13. Distribution of Shareholding as on March 31, 2010

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
1 – 5000	47911	97.91	20321553	15.77
5001 – 10000	589	1.20	4257221	3.30
10001 – 20000	226	0.46	3271032	2.54
20001 – 30000	54	0.11	1336534	1.04
30001 – 40000	38	0.08	1349836	1.05
40001 – 50000	25	0.05	1136098	0.88
50001 – 100000	39	0.08	3010986	2.34
100001 & above	54	0.11	94171740	73.08
Total	48936	100.00	128855000	100.00

14. Shareholding Pattern as on March 31, 2010

Category Code	Category of Shareholder	Number of Shareholders	Total Number of Shares	Number of Shares held in Dematerialised Form	Total Shareholding as a Percentage of Total Number of Shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Number of Shares	As a Percentage
(A)	Shareholding of Promoter and Promoter Group							
(1)	Indian							
(a)	Individuals/Hindu Undivided Family	20	27501188	25500448	21.34	21.34	20000000	72.7
(b)	Central Government/ State Government(s)	—	—	—	—	—	—	—
(c)	Bodies Corporate	5	33769790	29242570	26.21	26.21	12000000	35.54
(d)	Financial Institutions/Banks	—	—	—	—	—	—	—
(e)	Any Other (Specify)	—	—	—	—	—	—	—
	Sub-Total (A)(1)	25	61270978	54743018	47.55	47.55	32000000	52.23
(2)	Foreign							
(a)	Individuals (Non-Resident Individuals/Foreign Individuals)	1	79000	79000	0.06	0.06	—	—
(b)	Bodies Corporate	—	—	—	—	—	—	—
(c)	Institutions	—	—	—	—	—	—	—
(d)	Any Other (Specify)	—	—	—	—	—	—	—
	Sub-Total (A)(2)	1	79000	79000	0.06	0.06	0.00	0.00
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	26	61349978	54822018	47.61	47.61	32000000	52.16

Shareholding Pattern contd.

(B)	Public Shareholding						NA	NA
(1)	Institutions						NA	NA
(a)	Mutual Funds/UTI	7	10098954	10098954	7.84	7.84		
(b)	Financial Institutions/Banks	4	8350	4000	0.01	0.01		
(c)	Central Government/ State Governments	—	—	—	—	—		
(d)	Venture Capital Funds	—	—	—	—	—		
(e)	Insurance Companies	—	—	—	—	—		
(f)	Foreign Institutional Investors	5	7162716	7162716	5.56	5.56		
(g)	Foreign Venture Capital Investors	—	—	—	—	—		
(h)	Any Other (Specify)	—	—	—	—	—		
	Sub-Total (B)(1)	16	17270020	17265670	13.40	13.40		
(2)	Non-Institutions						NA	NA
(a)	Bodies Corporate	907	5866326	5809226	4.55	4.55		
(b)	Individuals:							
	i) Individual Shareholders holding nominal share capital upto Rs.1 lac	47592	29141838	26385854	22.62	22.62		
	ii) Individual Shareholders holding nominal share capital in excess of Rs.1 lac	15	13768901	13768901	10.69	10.69		
(c)	Any Other (Specify)							
	i) NRI	377	928147	928147	0.72	0.72		
	ii) Foreign Companies	—	—	—	—	—		
	iii) OCBs	1	528790	528790	0.41	0.41		
	iv) Trusts & Foundations	2	1000	1000	0.00	0.00		
	Sub-Total (B)(2)	48894	50235002	47421918	38.99	38.99		
	Total Public Shareholding (B)=(B)(1)+(B)(2)	48910	67505022	64687588	52.39	52.39		
	Total (A) + (B)	48936	128855000	119509606	100.00	100.00		
(C)	Shares held by Custodians and against which Depository Receipts have been issued	—	—	—	—	—	NA	NA
	Grand Total (A) + (B) + (C)	48936	128855000	119509606	100.00	100.00		

RICO AUTO INDUSTRIES LIMITED

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

The Company has not issued any GDRs/ADRs.

The Company has issued 97,00,000 Warrants convertible into equal number of Equity Shares of Rupee one each at a premium of Rs.16.50 per Equity Share within a period of 18 months from the date of allotment i.e. 11th July, 2009. After Conversion of these 97,00,000 Warrants, Equity Share Capital would stand increased by Rs.97.00 lacs.

The Convertible Warrants have been allotted to the following:

Name	Category	No. of Warrants Allotted
Shri Chandra Mohan	Independent – Non Executive Chairman	Nil
Shri Anup Singh	Independent – Non Executive	Nil
Prof. Vinod Kumar Bhalla	Independent – Non Executive	Nil
Shri Kanwal Monga	Independent – Non Executive	Nil
Shri Amarjit Chopra	Independent – Non Executive	Nil
Dr. Ashok Seth	Independent – Non Executive	Nil
Shri Rakesh Kapur	Non-Executive	Nil
Shri Arun Kapur	Executive – Joint Managing Director	Nil
Shri Arvind Kapur	Executive – Vice Chairman, CEO & Managing Director	Nil
M/s. Kapsons Associates Investments Private Limited	Promoter Group Company	9700000

16. Investors/Shareholders Correspondence

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

17. Plant Locations

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

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

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

18. Unclaimed Dividends

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956 the amount of dividend which remains unpaid/unclaimed for a period of 7 years is transferred to the "Investor Education and Protection Fund" (IEPF), constituted by the Central Government and member(s) would not be able to claim any amount of dividend so transferred to IEPF. As such, member(s) who have not yet encashed his/their dividend warrant(s) is/are requested in his/their own interest to write to the Company for claiming outstanding dividend declared by the Company. The amount of unpaid or unclaimed dividend relating to the financial year ended 31st March, 1995 to 31st March, 2002 have already been transferred to the Investor Education and Protection Fund (IEPF).

Date of Transferring Unclaimed Dividend to the Central Government

Year	Rate of Dividend (%)	Date of Declaration	Due date for transfer to IEPF
2003	Final – 65	15/09/2003	15/10/2010
2004	Final – 90	05/08/2004	05/09/2011
2005	Interim – 100	01/06/2005	01/07/2012
2006	Final – 100	30/09/2006	30/10/2013
2007	Interim – 75	16/03/2007	16/04/2014
2008	Final – 60	30/09/2008	30/10/2015
2009	Final – 15	30/09/2009	30/10/2016

Unclaimed Dividend as on March 31, 2010

Year	Rate of Dividend (%)	No. of Warrants Issued	Amount of Dividend (Rs.)	Amount of Unclaimed Dividend (Rs.)	Unclaimed Dividend (%)
2003	Final – 65	15783	69660500.00	349687.00	0.50
2004	Final – 90	15177	96453000.00	530262.00	0.55
2005	Interim – 100	17115	107170000.00	611205.00	0.57
2006	Final – 100	23452	122585000.00	627810.00	0.51
2007	Interim – 75	24037	94188750.00	512537.25	0.54
2008	Final – 60	51888	75351000.00	911143.80	1.21
2009	Final – 15	50117	18837750.00	292517.40	1.55

19. Bank Details

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

- any change in their address/mandate/bank details, and
- particulars of the bank account in which they wish their dividend to be credited, in case the same have not been furnished earlier.

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

20. 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.

21. Nomination Facility

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

RICO AUTO INDUSTRIES LIMITED

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

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

We have examined the compliance of conditions of Corporate Governance by Rico Auto Industries Limited for the year ended 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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

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

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

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

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

Place : Gurgaon
Date : 12th August, 2010

CA. Kawal Jain
Partner
Membership No.089214

AUDITORS' REPORT

To the Members of

Rico Auto Industries Limited

1. We have audited the attached Balance Sheet of Rico Auto Industries Limited as at 31st March, 2010 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 [as amended by the Companies (Auditors' Report) Amendment Order, 2004], issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the Annexure "A" referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii) In our opinion, proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of those books.
 - iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v) On the basis of the written representations received from the Directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of requirement under section 274(1)(g) of the Companies Act, 1956.
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Significant Accounting

policies and notes appearing thereon as contained in Schedule 17 give the information as required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010.
- (b) In the case of the Profit and Loss Account, of the profit for the year ended on that date.
- (c) In the case of Cash Flow Statement, of the cash flow for the year ended on that date.

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

CA. KAWAL JAIN
PARTNER

Membership No.089214

Place : Gurgaon
Dated : 28th May, 2010

ANNEXURE "A" REFERRED TO IN PARAGRAPH '3' OF THE AUDITORS' REPORT ON THE ACCOUNTS OF RICO AUTO INDUSTRIES LIMITED FOR THE YEAR ENDED 31st MARCH, 2010

- i) (a) The Company has maintained proper records to show full particulars, including quantitative details and situation of all fixed assets.
- (b) Fixed Assets have not been physically verified by the management during the year but there is a regular programme of verification except for furniture & fixtures and office equipments which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
- (c) No substantial part of fixed asset has been disposed off during the year.
- ii) (a) The Inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management, are reasonable and adequate in relation to the size of the Company and its nature of business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii) (a) The Company has granted loans secured or unsecured to the following Companies, Firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

RICO AUTO INDUSTRIES LIMITED

(Rs. in Crores)

Sl. No.	Name of Party	Relationship with Party	Year end Balance	Maximum amount outstanding at any point during the year
a)	Rico Jinfei Wheels Limited	92.5% Joint Venture & Subsidiary Company	7.93	9.46
b)	Rasa Autocom Limited	100% Subsidiary Company	6.72	6.72
c)	Uttarakhand Automotives Limited	100% Subsidiary Company	16.23	16.89
d)	RAA Autocom Limited	100% Subsidiary Company	3.74	5.65

- (b) In our opinion the rate of interest wherever applicable and other terms and conditions on which the loan have been granted to Companies, Firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- (c) In respect of loans given by the Company, which are repayable on demand, the question of overdue amount does not arise hence Clause 4 (iii)(d) is not applicable.
- (d) The Company has not taken any loans, secured or unsecured from Companies, Firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Hence Clause 4 (iii)(f) and Clause 4 (iii)(g) is not applicable.
- iv) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and for sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weakness in internal controls.
- v) (a) Based on our audit procedure and according to information and explanation given to us by the management, we are of the opinion that the transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) Based on our audit procedure and according to information and explanation given to us by the management, we are of the opinion that the transaction made in pursuance of contracts and arrangements entered in the register maintained under section 301 in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

- vi) According to the information and explanation given to us, the Company has not accepted any deposits from the public under section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- vii) In our opinion and according to the information and explanations given to us, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- viii) We have broadly reviewed the books of accounts relating to materials, labour and other items of cost maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix) (a) According to the records, undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty, Education Cess and Service Tax have been deposited with the appropriate authorities though there has been *slight delay in few cases* in deducting and depositing of Tax Deducted at Sources. According to the information and explanation given to us, there are no undisputed amounts payable in respect of Provident Fund, Investor Education & Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty, Education Cess and Service Tax which were outstanding, as at 31st March, 2010 for a period of more than six months, from the date they became payable.
- (b) According to the information and explanations given to us, no dues of Provident Fund, Investor Education & Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty, Education Cess and Service Tax which have not been deposited on account of any dispute except the following:

Sl. No.	Name of Statute	Nature of dues	Amount (Rs.)	Forum where dispute is pending
a)	H.G.S.T. Act & Central Sales Tax Act	Sales Tax	79544734	Joint Excise & Taxation Commissioner (Appeal), Faridabad
b)	Local Area Development Tax	LADT	92691	Joint Commissioner (Appeal), Faridabad
c)	Income Tax Act	Income Tax	17805834	Commissioner (Appeal) & ITAT, Chandigarh
d)	Central Excise & Service Tax Act	Excise Duty & Service Tax	43508967	Customs, Excise & Service Tax Appellate Tribunal, New Delhi

- x) The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institutions and banks.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, during the year under audit.
- xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of this order are not applicable to the Company.
- xiv) According to the information and explanation provided to us, we are of the opinion that the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of this order are not applicable to the Company.
- xv) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi) According to the information and explanation given to us, the Company has raised the following Term Loans and applied the same as follows:

(Rs. in Crores)

Name of the Banks	Term Loan	Purpose	Application
State Bank of Patiala (Fund Based)	35.00	Capital Expenditure	For reimbursement of Capital Expenditure
State Bank of Patiala (Non Fund Based)	15.00	Capital Expenditure	For reimbursement of Capital Expenditure
State Bank of Hyderabad	40.00	Capital Expenditure	For reimbursement of Capital Expenditure
Kotak Mahindra Bank Limited	30.00	General Corporate purpose & repayment of Short Term Loan	Expansion and modernization of manufacturing facilities including substitution of Short Term Loans raised for the same purposes
Axis Bank Limited	27.00	Capital Expenditure	For reimbursement of Capital Expenditure

- xvii) According to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short term basis have not been used for long-term investment.

- xviii) During the period covered by our audit report, the Company has converted 32,70,000 warrants into equity shares of Re.1/- each at a premium of Rs.16.50 per share on preferential basis to parties and companies covered in the register maintained u/s 301 of the Companies Act, 1956.

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

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

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

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

CA. KAWAL JAIN
PARTNER
Membership No.089214

Place : Gurgaon
Dated : 28th May, 2010

RICO AUTO INDUSTRIES LIMITED

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule No.	As at March 31, 2010 (Rs. in Crores)	As at March 31, 2009 (Rs. in Crores)
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
Share Capital	1	12.89	12.56
Warrants	1A	2.83	—
Reserves & Surplus	2	272.15	260.13
		287.87	272.69
2. LOAN FUNDS	3	419.55	370.33
3. DEFERRED TAX LIABILITY	3A	35.78	36.91
TOTAL		743.20	679.93
APPLICATION OF FUNDS			
1. FIXED ASSETS			
Gross Block	4	803.74	720.59
Less : Depreciation		306.80	264.46
Net Block		496.94	456.13
Capital Work-in-Progress		28.96	29.58
2. INVESTMENTS	5	63.95	26.83
3. CURRENT ASSETS, LOANS & ADVANCES			
A) Inventories	6	90.04	77.18
B) Sundry Debtors	7	119.72	106.17
C) Cash & Bank Balances	8	7.08	3.11
D) Loans & Advances	9	116.45	95.85
		333.29	282.31
Less : Current Liabilities & Provisions	10	179.94	114.92
Net Current Assets		153.35	167.39
4. MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	11	—	—
TOTAL		743.20	679.93
NOTES ON ACCOUNTS	15		

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

For and on behalf of the Board of Directors

CA. Kawal Jain
Partner
Membership No. 089214

O.P. Aggarwal
Executive Director (Finance)

Chandra Mohan
Chairman
Arvind Kapur
Vice Chairman, CEO
& Managing Director
Arun Kapur
Jt. Managing Director

Place : Gurgaon
Dated : 28th May, 2010

B.M. Jhamb
Company Secretary

Anup Singh
Prof. Vinod Kumar Bhalla
Rakesh Kapur
Directors

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule No.	Year ended March 31, 2010 (Rs. in Crores)	Year ended March 31, 2009 (Rs. in Crores)
INCOME			
Sales	12	812.27	806.65
Less : Excise Duty		52.21	78.74
		<u>760.06</u>	<u>727.91</u>
Other Income		30.62	37.76
		<u>790.68</u>	<u>765.67</u>
EXPENDITURE			
Manufacturing & Other Expenses	13	697.08	667.31
Financial Charges	14	41.00	45.47
		<u>738.08</u>	<u>712.78</u>
Profit before Depreciation		52.60	52.89
Depreciation		47.62	50.02
Profit after Depreciation		4.98	2.87
Fringe Benefit Tax		—	0.62
Provision for Taxation		0.04	0.05
Provision for Deferred Tax		(1.13)	(2.55)
Profit after Tax		6.07	4.75
Amount available for Appropriations		<u>6.07</u>	<u>4.75</u>
APPROPRIATIONS			
Proposed Dividend on Equity Shares @15% (Previous year @15%)		1.93	1.88
Corporate Dividend Tax		0.32	0.32
Transferred to General Reserve		0.38	0.24
Balance carried over to Balance Sheet		3.44	2.31
		<u>6.07</u>	<u>4.75</u>
EARNING PER SHARE (Equity Shares, par value Re.1/- each)			
Basic (Rupee)		0.48	0.38
Diluted (Rupee)		0.46	0.38
Number of Shares considered for computing Earning Per Share			
Basic		125593959	125585000
Diluted		132600890	125585000
NOTES ON ACCOUNTS	15		

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

For and on behalf of the Board of Directors

CA. Kawal Jain
Partner
Membership No. 089214

O.P.Aggarwal
Executive Director (Finance)

Chandra Mohan
Chairman
Arvind Kapur
Vice Chairman, CEO
& Managing Director
Arun Kapur
Jt. Managing Director

Place : Gurgaon
Dated : 28th May, 2010

B.M.Jhamb
Company Secretary

Anup Singh
Prof. Vinod Kumar Bhalla
Rakesh Kapur
Directors

SCHEDULES TO BALANCE SHEET

	As at March 31, 2010 (Rs. in Crores)	As at March 31, 2009 (Rs. in Crores)
Schedule 1 – SHARE CAPITAL		
AUTHORISED		
25,00,00,000 Equity Shares of Re.1/- each (Previous year 25,00,00,000 Equity Shares of Re.1/- each)	25.00	25.00
50,00,000 Redeemable Preference Shares of 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>
ISSUED, SUBSCRIBED AND PAID-UP		
12,88,55,000 Equity Shares of Re.1/- each fully paid up (Previous year 12,55,85,000 Equity Shares of Re.1/- each) (Out of above Shares 53,58,500 Equity Shares of Rs.10/- each were allotted as fully paid-up by way of Bonus Shares)	12.89	12.56
	<u>12.89</u>	<u>12.56</u>
Schedule 1A – WARRANTS		
64,30,000 Warrants @ Rs.4.40 (Previous year Nil) (Refer Note No. 14 of Notes on Accounts)	2.83	—
	<u>2.83</u>	<u>—</u>
Schedule 2 – RESERVES AND SURPLUS		
CAPITAL RESERVE	#	#
# On Forfeited Shares & NCDs - Rs.34785/-		
STATE CAPITAL SUBSIDY	0.20	0.20
SHARE PREMIUM ACCOUNT	134.43	129.03
CAPITAL REDEMPTION RESERVE	2.00	2.00
HEDGING RESERVE	(0.02)	(2.82)
GENERAL RESERVE		
As per last Balance Sheet	76.65	72.86
Add : Transferred from Profit & Loss Account	0.38	0.24
Add : Previous Year Forex Capitalization of Fixed Assets	—	3.55
	<u>77.03</u>	<u>76.65</u>
SURPLUS		
As per last Balance Sheet	55.07	52.76
Add : Transferred from Profit & Loss Account	3.44	2.31
	<u>58.51</u>	<u>55.07</u>
	<u>272.15</u>	<u>260.13</u>

SCHEDULES TO BALANCE SHEET (CONTD.)

	As at March 31, 2010 (Rs. in Crores)	As at March 31, 2009 (Rs. in Crores)
Schedule 3 – LOAN FUNDS		
SECURED LOANS		
a) Term Loan from Banks:		
Foreign Currency Loan	8.09	34.26
Rupee Loan	226.13	135.75
b) Working Capital Loans from Banks:		
Foreign Currency Loan	17.16	6.65
Rupee Loan	88.36	67.44
c) Other Loans & Advances:		
(1) From Banks	0.37	0.03
(2) From Companies	1.05	1.40
UNSECURED LOANS		
From Banks:		
Foreign Currency Loan	50.39	32.07
Rupee Loan	28.00	90.89
Others		
Deferred Sales Tax	—	1.84
	419.55	370.33

SECURED LOANS

a) Term Loans:

Foreign Currency ECB Loan and Rupee Term Loans are secured by hypothecation of movable fixed assets, both present & future and mortgage by deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon ranking first pari-passu charge basis among Axis Bank Limited, Citibank N.A., IDBI Bank Limited, Kotak Mahindra Bank Limited, Standard Chartered Bank, State Bank of Hyderabad, State Bank of Patiala and Yes Bank Limited. The Term Loan of Rs.25.00 Crores from Yes Bank Limited is additionally secured by corporate guarantee of an Associate Company and personal guarantees of Managing Director, Joint Managing Director and a Director of the Company.

b) Working Capital Loans:

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

c) Other Loans:

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

UNSECURED LOANS

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

Unsecured Loans upto Rs.30.00 Crores from DBS Bank Limited are personally guaranteed by Managing Director of the Company.

SCHEDULES TO BALANCE SHEET (CONTD.)

	As at March 31, 2010 (Rs. in Crores)	As at March 31, 2009 (Rs. in Crores)
Schedule 3 A – DEFERRED TAX LIABILITY		
As per last Balance Sheet	36.91	37.63
Add : Previous year's Foreign Exchange Capitalization of Fixed Assets	—	1.83
Less : Provision for the year	1.13	2.55
	35.78	36.91

Schedule 4 – FIXED ASSETS

(Rs. in Crores)										
Particulars	Cost as on 31.03.2009	GROSS BLOCK			DEPRECIATION				NET BLOCK	
		Addition during the year	Sale/Trf. during the year	Total Cost as on 31.03.2010	Up to 31.03.2009	For the year	On Sale/ Transfer	Up to 31.03.2010	As on 31.03.2010	As on 31.03.2009
LAND	7.97	2.07	—	10.04	—	—	—	—	10.04	7.97
LAND (LEASE HOLD)	15.30	10.58	—	25.88	0.11	0.13	—	0.24	25.64	15.19
BUILDINGS	71.38	5.26	—	76.64	13.32	2.37	—	15.69	60.95	58.06
FURNITURE & FIXTURES	4.64	—	—	4.64	2.88	0.32	0.01	3.19	1.45	1.76
PLANT & MACHINERY	582.74	70.11	5.66	647.19	220.19	42.15	4.12	258.22	388.97	362.55
OFFICE EQUIPMENTS	24.92	1.37	0.01	26.28	20.80	0.91	0.12	21.59	4.69	4.12
VEHICLES	13.64	0.94	1.51	13.07	7.16	1.74	1.03	7.87	5.20	6.48
TOTAL	720.59	90.33	7.18	803.74	264.46	47.62	5.28	306.80	496.94	456.13
PREVIOUS YEAR FIGURES	657.37	65.17	1.95	720.59	216.05	50.02	1.61	264.46	456.13	441.32

CAPITAL WORK-IN-PROGRESS

Capital Work-in-Progress	26.81	27.46
Pre-Operative Expenses	2.15	2.12
Total	28.96	29.58

Note: Additions in Fixed Assets during the year include Rs.1.58 Crores (Previous year Rs.1.06 Crores) on account of capitalisation of borrowing cost and Rs.2.13 Crores (Previous year Rs.13.11 Crores) on account of foreign exchange fluctuation.

Pre-Operative Expenses

Personnel Expenses	0.03	0.02
Labour & Staff Welfare	0.02	0.02
Rent	0.02	0.02
Rates & Taxes	0.10	0.10
Travelling & Conveyance	0.16	0.15
Other Expenses	0.08	0.07
Technical Know How	1.74	1.74
Total	2.15	2.12

SCHEDULES TO BALANCE SHEET (CONTD.)

	As at March 31, 2010 (Rs. in Crores)	As at March 31, 2009 (Rs. in Crores)
Schedule 5 – INVESTMENTS (AT COST OR REALISABLE VALUE WHICHEVER IS LESS) – Unquoted		
Trade – (Fully Paid-up) – Under the same Management		
FCC Rico Limited 39,49,994 Equity Shares of Rs.10/- each (Previous year 39,49,994 Equity Shares of Rs.10/- each)	3.95	3.95
Rico Auto Industries Inc., USA (100% Subsidiary of the Company) 2,500 Equity Shares of US\$ 10/- each (Previous year 2,500 Equity Shares of US\$ 10/- each)	0.12	0.12
Rico Auto Industries (UK) Limited, U.K. (100% Subsidiary of the Company) 20,000 Equity Shares of GBP 1/- each (Previous year 20,000 Equity Shares of GBP 1/- each)	0.17	0.17
Rico Jinfei Wheels Limited 92,50,000 Equity Shares of Rs.10/- each (Previous year 64,28,750 Equity Shares of Rs.10/- each)	9.25	6.43
Rasa Autocom Limited (100% Subsidiary of the Company) 75,000 Equity Shares of Rs.10/- each (Previous year 75,000 Equity Shares of Rs.10/- each)	0.08	0.08
Uttarakhand Automotives Limited (100% Subsidiary of the Company) 4,10,000 Equity Shares of Rs.10/- each (Previous year 4,10,000 Equity Shares of Rs.10/- each)	0.41	0.41
Continental Rico Hydraulic Brakes India Private Limited 4,02,49,999 Equity Shares of Rs.10/- each (Previous year 1,10,00,000 Equity Shares of Rs.10/- each)	40.25	11.00
RAA Autocom Limited (100% Subsidiary of the Company) 50,000 Equity Shares of Rs.10/- each (Previous year 50,000 Equity Shares of Rs.10/- each)	0.05	0.05
Magna Rico Powertrain Private Limited 96,20,000 Equity Shares of Rs.10/- each (Previous year 46,20,000 Equity Shares of Rs.10/- each)	9.62	4.62
KRP Auto Industries Limited 4750 Equity Shares of Rs.100/- each (Previous year Nil)	0.05	—
	63.95	26.83
Aggregate Value:		
1. Cost of Quoted Investments	—	—
2. Market Value of Quoted Investments	—	—
3. Cost of Unquoted Investments	63.95	26.83

SCHEDULES TO BALANCE SHEET (CONTD.)

	As at March 31, 2010 (Rs. in Crores)	As at March 31, 2009 (Rs. in Crores)
Schedule 6 – INVENTORIES		
(As valued and certified by the Management – Cost or Realisable Value whichever is less)		
Goods in Transit	0.01	0.06
Stores & Spares	38.04	34.88
Raw Material & Components	19.13	14.03
Work-in-Process	31.97	27.83
Finished Goods	0.89	0.38
	<u>90.04</u>	<u>77.18</u>
Schedule 7 – SUNDRY DEBTORS		
(Unsecured considered good unless otherwise stated)		
Debts outstanding for a period exceeding six months	7.69	11.46
Less : Provision for Doubtful Debts	<u>1.04</u>	<u>1.04</u>
	6.65	10.42
Other Debts	113.07	95.75
	<u>119.72</u>	<u>106.17</u>
Schedule 8 – CASH AND BANK BALANCES		
1. Cash in hand	0.17	0.04
2. Cheques in hand	0.90	—
3. Balances with Scheduled Banks		
a) In Current Accounts	5.62	2.68
b) In Dividend Accounts	0.39	0.39
	<u>7.08</u>	<u>3.11</u>
Schedule 9 – LOANS AND ADVANCES		
(Unsecured considered good unless otherwise stated)		
a) Advances recoverable in cash or in kind or for value to be received	102.76	84.14
Less : Provision for doubtful advances	<u>0.17</u>	<u>0.17</u>
	102.59	83.97
b) Security Deposits	3.57	3.28
c) Advance Income Tax (Net)	10.29	8.60
	<u>116.45</u>	<u>95.85</u>

SCHEDULES TO BALANCE SHEET (CONTD.)

	As at March 31, 2010 (Rs. in Crores)	As at March 31, 2009 (Rs. in Crores)
Schedule 10 – CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
a) Sundry Creditors		
1) Due to Micro, Small & Medium Enterprises	2.70	2.32
2) Others	128.38	69.93
b) Other Liabilities		
1) Expenses payable	39.47	29.60
2) Income Tax deducted at source payable	0.88	0.77
3) Interest accrued but not due	2.22	2.86
4) Other Statutory Liabilities	3.64	3.84
5) Unclaimed Dividends	0.38	0.39
PROVISIONS		
c) Proposed Dividend	1.93	1.88
d) Provision for Fringe Benefit Tax	—	0.19
e) Provision for Corporate Dividend Tax	0.32	0.32
f) Fair Valuation of Forward Contracts/Derivative Liabilities	0.02	2.82
	<u>179.94</u>	<u>114.92</u>
Schedule 11 – MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Share Issue & Deferred Revenue Expenses	—	1.04
Less : Expenses written off during the year	—	1.04
	<u>—</u>	<u>—</u>

SCHEDULES TO PROFIT & LOSS ACCOUNT

	Year ended March 31, 2010 (Rs. in Crores)	Year ended March 31, 2009 (Rs. in Crores)
Schedule 12 – SALES & OTHER INCOME		
Sales (TDS Rs.1,97,50,706/- Previous year Rs.Nil)	809.24	802.15
Miscellaneous Sales	2.84	3.95
Job Work (TDS Rs.5,905/- Previous year Rs.10,952/-)	0.19	0.55
	<u>812.27</u>	<u>806.65</u>
Interest Received	5.86	5.08
(TDS Rs.74,85,460/- Previous year Rs.1,03,11,576/-)		
Miscellaneous Income	12.36	13.57
(TDS Rs.83,69,732/- Previous year Rs.1,33,99,531/-)		
Dividend Received	5.92	8.69
Foreign Exchange Fluctuation & Gains	6.48	10.38
Profit on Sale of Assets (Net)	—	0.04
	<u>30.62</u>	<u>37.76</u>
	<u>842.89</u>	<u>844.41</u>

SCHEDULES TO PROFIT & LOSS ACCOUNT (CONTD.)

	Year ended March 31, 2010 (Rs. in Crores)	Year ended March 31, 2009 (Rs. in Crores)
Schedule 13 – MANUFACTURING & OTHER EXPENSES		
Raw Material & Components Consumed	445.36	436.91
Add : Opening Stock		
Work-in-Process	27.83	27.84
Finished Goods	0.38	0.13
	<u>28.21</u>	<u>0.13</u>
	473.57	464.88
Less : Closing Stock		
Work-in-Process	31.97	27.83
Finished Goods	0.89	0.38
	<u>32.86</u>	<u>0.38</u>
	440.71	436.67
Stores & Spares Consumed	51.95	44.50
Power & Fuel	66.24	63.90
Personnel Expenses	87.46	78.37
Contribution to Provident & other Funds	3.43	3.67
Labour & Staff Welfare	3.58	1.87
Rent	0.23	0.23
Rates & Taxes	1.17	0.81
Directors' Sitting Fees	0.03	0.03
Commission to Directors	0.06	0.04
Insurance	1.53	1.49
Travelling & Conveyance	2.12	2.63
Auditors' Remuneration*	0.15	0.15
Advertisement & Publicity	0.25	0.16
Sales Promotion	0.21	0.20
Repair & Maintenance (Machineries)	2.98	2.83
Repair & Maintenance (Buildings)	0.74	0.91
Repair & Maintenance (Others)	1.89	1.70
Charity & Donation	0.14	0.24
Other Expenses	31.59	25.46
Loss on Sale of Assets (Net)	0.55	—
Previous year Expenses (Net)	0.07	1.45
	<u>697.08</u>	<u>667.31</u>
Note: *Auditors' Remuneration includes payments/provisions for:		
Audit Fee	0.09	0.09
Tax Audit Fee	0.02	0.02
Income Tax Matters	0.01	0.02
Other Capacity	0.02	0.01
Expenses Reimbursed	0.01	0.01
	<u>0.15</u>	<u>0.15</u>
Schedule 14 – FINANCIAL CHARGES		
Term Loan Interest	20.49	15.72
Interest to Banks & Others	20.51	29.75
	<u>41.00</u>	<u>45.47</u>

Schedule 15 – NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

i) Accounting Convention:

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

ii) Fixed Assets and Depreciation:

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

iii) Investments:

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

iv) Inventories:

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

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

Inventory of finished goods includes closing stock of scrap.

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

vi) Impairment of Assets:

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

vii) Retirement Benefits:

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

a) Post Employment Benefit Plans:

Payments to defined contribution retirement benefit schemes is charged as an expense as they fall due.

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

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

b) Defined Benefit Plan:

1) Gratuity Plan

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

RICO AUTO INDUSTRIES LIMITED

II) Leave Encashment Plan

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

- c) The following tables set out the fund status of the gratuity plan and leave encashment amounts recognised in the Company's financial statements as at 31st March, 2010:

Particulars	Current Year Gratuity Plan (Rs.)	Previous Year Gratuity Plan (Rs.)	Current Year Leave Encashment Plan (Rs.)	Previous Year Leave Encashment Plan (Rs.)
I) Change in Benefit Obligations				
A. Present Value of Obligation, opening as on 01.04.2009	53567037	43856222	23153344	3882533
B. Current Service Cost	6731387	6081000	8458825	7016000
C. Interest Cost	4251834	3316000	1809574	220000
D. Actuarial (Gain)/Loss	1644036	5136000	(4503960)	14290000
E. Benefits Paid	2151294	4822185	1625783	2255189
F. Present Value of Obligation, closing as on 31.03.2010 (A+B+C+D-E)	64043000	53567037	27292000	23153344
II) Change in Plan Assets				
A. Fair Value of Plan Assets, opening as on 01.04.2009	34048804	30387304	12544547	9851593
B. Expected return on Plan Assets	3499320	2839000	1516167	985000
C. Employer's Contributions	9713888	5420685	9318732	3857143
D. Benefits Paid	2151294	4822185	1625783	2255189
E. Actuarial Gain	749	224000	227560	106000
F. Fair Value of Plan Assets, closing as on 31.03.2010 (A+B+C-D+E)	45111467	34048804	21981223	12544547
III) Net Liability/(Assets) (I-II)	18931533	19518233	5310777	10608797
IV) Net Gratuity/Leave Cost for the year ended March 31, 2010				
A. Current Service Cost	6731387	6081000	8,458,825	7016000
B. Interest Cost	4251834	3316000	1809574	220000
C. Expected returns on Plan Assets	(3499320)	(2839000)	(1516167)	(985000)
D. Actuarial Gain recognised in the year	1644036	5136000	(4503960)	14290000
E. Net Gratuity/Leave Cost (A+B+C+D)	9127937	11694000	4248272	20541000
V) Category of Assets as at March 31, 2010				
Insurer Managed Funds	45111467	34048804	21981223	12544547
VI) Principal Actuarial Assumptions				
Particulars	Current Year Gratuity Plan Rate (%)	Previous Year Gratuity Plan Rate (%)	Current Year Leave Encashment Plan Rate (%)	Previous Year Leave Encashment Plan Rate (%)
A. Discount Rate	8.30	8.10	8.30	8.10
B. Salary Escalation Rate	5.00	5.00	5.00	5.00
C. Expected Rate of return on Plan Assets	9.25	9.25	9.25	9.25

viii) Sales:

Sales of Goods is recognized at the point of dispatch of goods to the customers. Sale value is inclusive of Excise Duty paid on the clearance of goods. Export Sale/Income is accounted for at exchange rate prevailing at the time of sale. Effect of foreign exchange fluctuation on the export sales realized is booked in Miscellaneous Income/Miscellaneous Expenses Account under the head Exchange Rate Fluctuation Account.

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

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

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

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

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

xiv) Research and Development Expenses:

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

xv) Interest on Borrowed Funds:

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

xvi) Foreign Currency Transactions:

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

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

2. Building includes cost of leasehold land & building at Ambernath (Mumbai) Maharashtra amounting to Rs.0.44 Crore (Previous year Rs.0.44 Crore).
3. Lease hold land includes Rs.25.88 Crores (Gross) of land situated at Oragadam (Chennai), Bommasandra (Bangalore), Singur (West Bengal) and Bhiwadi (Rajasthan) (Previous year Rs.15.30 Crores). Title of lease hold land at Bhiwadi is yet to be registered in the name of Company.
4. The Company had acquired the Land in Singur (West Bengal) for setting up the plant to cater the demand of components for Tata Nano Car Project. The Company has invested some amount of money on this project. But due to some abnormal circumstances beyond the control of the Company the work of the project has been stopped.
5. In the opinion of the Board of Directors, the Current Assets, Loans and Advances are having the value at which they are stated in the Balance Sheet, if realized in the ordinary course of business save as otherwise stated in this Balance Sheet elsewhere.
6. During the year Commercial Production was started on 22nd March, 2010 at Haridwar.
7. During the year, Company has incorporated a Company under the name "KRP Auto Industries Limited" jointly with M/s. Kailash Royal Premium Projects Private Limited, for manufacturing of Auto Components at the Company's Industrial Plot at Bangalore. The Company has invested Rs.0.05 Crore in the Subsidiary Company constituting 95% of its paid-up capital.

RICO AUTO INDUSTRIES LIMITED

8. Deferred Tax Asset of Rs.1.13 Crores (Previous year Assets Rs.2.55 Crores) for the current year has been charged to current year's profit. Deferred Tax Liability/Assets is mainly on account of timing difference in depreciation. The component of Deferred Tax Liability/Assets are as under:

(Rs. in Crores)		
Particulars	Current Year	Previous Year
Deferred Tax on Depreciation difference	10.01	4.03
Less: Tax Paid under MAT	0.32	2.01
Less: Deferred Tax Assets	9.36	3.50
Less: Gratuity payable	0.64	0.66
Less: Leave Encashment provision	0.18	0.36
Less: Bonus	0.64	0.05
Deferred Tax Asset	(1.13)	(2.55)

9. The following expenses incurred on Research and Development are included under respective account heads:

(Rs. in Crores)		
	Current Year	Previous Year
i) Employees Remuneration and Benefits	0.35	0.35
ii) Other Expenses of Manufacturing and Administration including Depreciation on Research and Development Assets	0.68	0.77

10. Disclosure under Accounting Standard (AS)19 on leased assets and lease rent.

- Minimum lease rent payments of Rs.1.93 Crores (Previous year Rs.5.40 Crores) has been recognized in the statement of Profit & Loss Account for the year ended 31st March, 2010.
- Total amount of future minimum lease rent payments under non-cancellable operating lease periods:
 - Not later than one year Rs. Nil (Previous year Rs.1.84 Crores).
 - Later than one year but not later than five year Rs.Nil (Previous year Rs.0.03 Crore).
 - Lease tenure 42 to 72 months.

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

Particulars		Year ended March 31, 2010	Year ended March 31, 2009
Net Profit after Income Tax (Rs. in Crores)	(A)	6.07	4.75
No. of Equity Shares (Weighted average)			
– Basic	(B)	12,55,93,959	12,55,85,000
– Diluted/Adjusted	(C)	13,26,00,890	12,55,85,000
Nominal Value per Equity Share (Rupee)		1	1
Earning Per Share before extra ordinary items (Rupee)			
– Basic	(A)/(B)	0.48	0.38
– Diluted/Adjusted	(A)/(C)	0.46	0.38
Earning Per Share after extra ordinary items (Rupee)			
– Basic	(A)/(B)	0.48	0.38
– Diluted/Adjusted	(A)/(C)	0.46	0.38

12. RELATED PARTY DISCLOSURES

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

A. Companies

Name of the Company	Country of Incorporation	Nature of Relationship	Quantum of Interest
Rico Auto Industries Inc.	USA	Subsidiary	100%
Rico Auto Industries (UK) Limited	U.K.	Subsidiary	100%
FCC Rico Limited	India	Joint Venture	50%
Kapsons Associates Investments Private Limited	India	Directors Interested	—
Rico Castings Limited	India	Directors Interested	—
Higain Investments Private Limited	India	Directors Interested	—
Rasa Autocom Limited	India	Subsidiary	100%
Uttarakhand Automotives Limited	India	Subsidiary	100%
RAA Autocom Limited	India	Subsidiary	100%
Rico Jinfei Wheels Limited	India	Joint Venture & Subsidiary	92.50%
Continental Rico Hydraulic Brakes India Private Limited	India	Joint Venture	50%
Magna Rico Powertrain Private Limited	India	Joint Venture	50%
KRP Auto Industries Limited	India	Joint Venture & Subsidiary	95%
Octan Media Limited	India	Directors Interested	—
Kapbros Engineering Industries Limited	India	Directors Interested	—
Rupak Automotive Industries Limited	India	Directors Interested	—
Raasaa Retail Private Limited	India	Directors Interested	—

B. Key Management Personnel

Details of Key Managerial Personnel are as under:

- i) Shri Arvind Kapur – Vice Chairman, CEO & Managing Director
- ii) Shri Arun Kapur – Joint Managing Director

RICO AUTO INDUSTRIES LIMITED

C. Transaction between the Related Parties

(Rs. in Crores)

Name	FCC Rico Limited	Rico Auto Industries Inc., USA	Rico Auto Industries (UK) Limited, U.K.	Kapsons Associates Investments Private Limited	Rico Castings Limited	Octan Media Limited	Kapros Engineering Industries	KRP Auto Industries Limited	Rico Jinfels Wheels Limited	Continental Rico Hydraulic Brakes India Private Limited	Magna Rico Powertrain Private Limited	Rasa Autocom Limited	RAA Autocom Limited	Utarakhand Automotives Limited	All Directors
Nature of Relationship	Joint Venture	Wholly Owned Subsidiary	Wholly Owned Subsidiary	Directors Interested	Directors Interested	Directors Interested	Directors Interested	Joint Venture & Subsidiary	Joint Venture & Subsidiary	Joint Venture	Joint Venture	Wholly Owned Subsidiary	Wholly Owned Subsidiary	Wholly Owned Subsidiary	Key Managerial Personnel
Goods Purchased	16.44	—	—	—	43.69	0.10	—	—	—	—	—	—	—	—	—
Goods Sold	62.67	84.79	29.24	—	2.85	—	0.51	—	0.03	0.11	0.27	—	—	—	—
Purchase of Machineries	—	—	—	—	0.15	—	—	—	2.07	—	—	—	—	—	—
Sale of Machineries	—	—	—	—	1.07	—	0.65	—	—	—	—	—	—	—	—
Job Work Expenses	—	—	—	—	0.19	—	0.01	—	0.32	—	—	—	—	—	—
Job Work Income Received	0.03	0.06	0.05	—	—	—	—	—	—	—	—	—	—	—	—
Rent Received for Office Space	—	—	—	—	—	0.05	—	—	—	1.80	1.15	—	—	—	—
Equity Contribution in cash	—	—	—	—	—	—	—	0.05	—	—	—	—	—	—	—
Investment in Joint Venture Company	—	—	—	—	—	—	—	—	2.82	29.25	5.00	—	—	—	—
Rent Paid	—	—	—	0.35	—	—	—	—	—	—	—	—	—	—	—
Loan given during the year	—	—	—	—	—	—	—	—	4.93	—	—	0.99	(1.01)	(2.13)	—
Loan outstanding (Interest bearing)	—	—	—	—	—	—	—	—	10.20	—	—	6.71	3.74	16.23	—
Interest Received on Loan	—	—	—	—	—	—	—	—	0.78	—	—	0.54	0.42	1.88	—
Remuneration, Sitting Fee/ Commission	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0.76
Balance as on 31.03.2010 – Recoverable	4.88	20.95	14.13	—	11.76	0.05	1.16	—	7.93	1.81	0.44	6.72	3.74	16.23	—
Balance as on 31.03.2010 – Payable	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

13. CONTINGENT LIABILITIES

- i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs.17.38 Crores (Previous year Rs.30.59 Crores).
- ii) Banks have given guarantees on behalf of the Company worth of Rs.2.49 Crores (Previous year Rs.1.98 Crores).
- iii) Letters of Credit outstanding in favour of suppliers for Rs.30.88 Crores (Previous year Rs.4.15 Crores).
- iv) The Company has given counter guarantees to the extent of Rs.22.03 Crores, Rs.16.43 Crores, Rs.5.72 Crores and Rs.1.33 Crores respectively to Axis Bank Limited, State Bank of Patiala, Standard Chartered Bank and DBS Bank Limited for the payment of Buyers' Credits arranged through them from Foreign Banks.
- v) The Company has executed General Surety Bonds for Rs.1.00 Crore (Previous year Rs.1.00 Crore) in favour of The President of India, under Central Excise Act, 1944.
- vi) Disputed statutory demands in appeals before relevant Hon'ble Appellate Authorities:
 - a) Sales Tax Rs.7.95 Crores (Previous year Rs.6.34 Crores).
 - b) Central Excise & Service Tax Rs.4.35 Crores (Previous year Rs.3.79 Crores).
 - c) Local Area Development Tax (LADT) Rs.0.01 Crore (Previous year Rs.0.01 Crore).
 - d) Income Tax Rs.1.78 Crores (Previous year Rs.0.91 Crore).
- vii) Surety Bonds executed in favour of The President of India, under Export Promotion Capital Goods Scheme (EPCG) for importing Capital goods at concessional rate of custom duty, amounting to Rs.122.19 Crores (Previous year Rs.122.19 Crores).

Based on favourable judgements in similar cases, legal opinion taken by the Company, discussions with the solicitors etc. the Company believe that there is fair chance of decisions in our favour in respect of the items listed at (vi) (a) (b) (c) and (d) above. Hence no provision has been considered necessary against the same.

14. During the year:

- i) the Company has allotted 97,00,000 Warrants convertible into equivalent number of Equity Shares of Re.1/- each at a premium of Rs.16.50 per share on preferential basis to the Promoter Group Company in accordance with SEBI Guidelines. The Warrant holder has the option of subscribing for 1 equity share of the Company of Re.1/- per warrant at a premium of Rs.16.50 per equity share to be exercised within a period of 18 months from the date of allotment i.e. 11th July, 2009. In case, the options are not exercised, the amount paid of Rs.4.40 per Warrant is liable to be forfeited. The Company has received an amount of Rs.4.40 per warrant being not less than 25 per cent of the offer price, aggregating to Rs.4.26 crores from the Warrant holder against allotment of warrants. The amount collected against warrants shall be adjusted against the price payable subsequently for subscribing the share by exercising the option. The money received towards allotment of said warrants has been used for the working capital requirement of the Company.
- ii) 32,70,000 Warrants out of the 97,00,000 Warrants allotted to the Promoter Group Company namely M/s. Kapsons Associates Investments Private Limited have been converted by way of first tranche into 32,70,000 equity shares of Re.1/- each at a premium of Rs.16.50 per share (already received Rs.4.40 per warrant alongwith application) and the balance amount of Rs.13.10 per equity share aggregating to Rs.4,28,37,000/- collected from the allottee against the allotment of 32,70,000 equity shares, will be utilized for the purpose it has been raised. The Paid-up Share Capital has increased to Rs.12,88,55,000/- after this allotment.

15. Consequent to the labour unrest in the Company during the period from 21st September, 2009 to 5th November, 2009 production was disrupted, resulting in production loss of around Rs.42.00 Crores both for domestic and overseas customers.

RICO AUTO INDUSTRIES LIMITED

16. i) In pursuance of Micro, Small & Medium Enterprises Development Act, 2006, the name of the Enterprises to whom the Company owes any sum which is outstanding at the year end are as below:

Name of the Party	Current Year		Previous Year	
	Interest Amount	Balance as on 31.03.2010	Interest Amount	Balance as on 31.03.2009
Century NF Castings	—	1220367.85	4158.64	197778.54
Jayem Auto Industries Private Limited	—	33186.23	35.21	26932.27
Metals India	—	33712.00	11.34	233018.81
Silicarb Recrystallized Private Limited	—	1165348.76	—	—
KJK Poly Diamonds International Private Limited	—	43883.73	707.30	87440.60
Marshall Castings Limited	—	433558.50	—	—
Mercury Fittings Private Limited	—	229512.24	—	—
Nicks Auto Industries	—	6799239.54	25626.00	5182780.65
Jaycee Steels Industries	—	1704132.80	12369.00	4873617.25
Balaji Aluminium Alloys Private Limited	—	13096552.95	104.00	10982904.32
Branopac India Private Limited	—	147538.40	315.00	—
Carbo Tools & Gauges (I) Private Limited	—	230733.41	607.00	27614.90
Gargi Huttenes-Albertus Private Limited	—	81224.22	511.00	51418.97
Gargi Industries	—	—	237.00	20189.06
Union Rubber Mills	—	—	114.00	(311.18)
Victor Reinz India Private Limited	—	12088.77	—	—
Kellys Engineering Works	—	638577.00	—	—
RAS Tek Private Limited	—	556457.33	—	—
Selevee Engineering Services	—	343219.80	—	—
Surtec Chemicals India Private Limited	—	154566.72	—	—
VAP Induction (India) Private Limited	—	10267.00	—	—
Total	—	26934167.25	44795.49	21683363.99

- ii) The amount of interest accrued & remaining unpaid at the end of the financial year 2009-2010 is Nil.
- iii) There is no any interest remaining due & payable for any of the earlier years.
17. The Profit & Loss account of the Company includes Net Profit of Rs.6.48 Crores (Previous year Net Profit of Rs.10.36 Crores) on account of Foreign Exchange Fluctuation, details of the same are stated as below:

Particulars	(Rs. in Crores)	
	Current Year	Previous Year
Profit/(Loss) earned on Imports (Net)	3.07	(1.02)
Profit/(Loss) recognized on Export (Net)	(5.34)	15.93
Profit/(Loss) on Buyers' Credits & Forward Contracts	6.09	(4.55)
Profit/(Loss) earned on Foreign Currency Loan	2.66	—
Total Amount (Net)	6.48	10.36

18. The amount has been given in Crore Rupees unless otherwise stated.
19. Previous year figures have been re-grouped or re-arranged wherever found necessary.
20. Schedules 1 to 14 form an integral part of the Balance Sheet and Profit & Loss Account.

ADDITIONAL INFORMATION PURSUANT TO PARAGRAPHS 3 & 4 OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956

A. DETAILS OF CAPACITY AND PRODUCTION

CLASS OF GOODS	(Actual Production in Nos.)	
	Year ended March 31, 2010	Year ended March 31, 2009
AUTO PARTS	49126310	42862453
DIES & MOULDS	428	694
OTHERS	3894	9440

NOTE : It is not feasible to give Installed Capacity as these are numerous in volume having complex compositions.

B. PARTICULARS OF OPENING STOCK, SALES AND CLOSING STOCK OF FINISHED GOODS

(Quantity in Nos. & Value Rs. in Crores)												
CLASS OF GOODS	OPENING STOCK				SALES				CLOSING STOCK			
	Current Year		Previous Year		Current Year		Previous Year		Current Year		Previous Year	
	QTY.	VALUE	QTY.	VALUE	QTY.	VALUE	QTY.	VALUE	QTY.	VALUE	QTY.	VALUE
AUTO PARTS	9258	0.30	466	0.02	49077082	811.20	42853661	788.67	58486	0.89	9258	0.30
DIES & MOULDS	8	0.08	8	0.08	436	20.64	694	35.67	—	—	8	0.08
TELEMARKETING & DATA ENTRY	—	—	—	—	—	0.06	—	3.28	—	—	—	—
OTHERS	347	—	6613	0.03	4134	2.90	15706	4.22	107	—	347	—
JOB WORK	—	—	—	—	—	0.19	—	0.55	—	—	—	—

NOTE : 1. Sales includes interunit/intraunit Rs.22.72 Crores (Previous year Rs.25.74 Crores).

2. Closing Stock includes Ware House Stock 52474 Nos.

C. RAW MATERIAL, COMPONENTS, STORES AND SPARE PARTS CONSUMED

	(Quantity in Kgs. & Value Rs. in Crores)			
	Year ended March 31, 2010		Year ended March 31, 2009	
	Quantity	Value	Quantity	Value
ALUMINIUM ALLOY	15069321	140.35	12668973	137.40
PIG IRON & STEEL SCRAP	22162901	57.21	21930662	62.13
OTHER MATERIALS & COMPONENTS	—	252.98	—	249.49
STORES AND SPARE PARTS	—	62.88	—	54.15

NOTE : Consumption includes interunit/intraunit Rs.20.76 Crores (Previous year Rs.22.00 Crores).

It is not feasible to furnish quantitative information of other materials, components and stores & spares parts consumed in view of considerable number of items diverse in size and volume.

RICO AUTO INDUSTRIES LIMITED

D. COMPOSITION OF IMPORTED AND INDIGENOUS RAW MATERIAL (INCLUDING COMPONENTS AND SPARES) CONSUMED AND PERCENTAGE OF EACH TO TOTAL CONSUMPTION

(Value Rs. in Crores)

	Year ended March 31, 2010		Year ended March 31, 2009	
	Value	Percentage to Total Consumption	Value	Percentage to Total Consumption
1. ALUMINIUM ALLOY				
Indigenous	122.41	87.22%	125.06	91.02%
Imported	17.94	12.78%	12.34	8.98%
2. PIG IRON & STEEL SCRAP				
Indigenous	57.21	100.00%	62.04	99.85%
Imported	—	—	0.09	0.15%
3. OTHER MATERIALS & COMPONENTS				
Indigenous	235.14	92.95%	246.33	98.73%
Imported	17.84	7.05%	3.16	1.27%
4. STORES & SPARE PARTS				
Indigenous	54.56	86.77%	50.22	92.74%
Imported	8.32	13.23%	3.93	7.26%

E. CIF VALUE OF IMPORTS

(Rs. in Crores)

	Year ended March 31, 2010	Year ended March 31, 2009
Capital Goods	27.84	21.87
Other Raw Materials and Components	33.09	16.98
Stores & Spares	8.29	3.52

F. EXPENDITURE IN FOREIGN CURRENCY

(Rs. in Crores)

	Year ended March 31, 2010	Year ended March 31, 2009
Connectivity & Link Charges	0.03	0.02
Bank Charges against Export	0.02	0.05
Travelling Expenses	0.24	0.59
Books & Periodicals	0.00	0.00
Professional Charges	0.31	1.07
Repair & Maintenance (Machinery)	0.02	0.24
Staff Recruitment & Training	—	0.01
Membership & Subscription	0.01	—
Others	2.43	0.72

G. EARNING IN FOREIGN CURRENCY

	(Rs. in Crores)	
	Year ended March 31, 2010	Year ended March 31, 2009
F.O.B. Value of Export	132.28	128.03
Others	5.01	13.62

H. PAYMENT TO DIRECTORS

	(Rs. in Crores)	
	Year ended March 31, 2010	Year ended March 31, 2009
Remuneration	0.48	1.11
Commission	0.06	0.04
Perquisites & Allowances	0.22	0.15
Directors' Sitting Fees	0.03	0.03
Contribution to Provident Fund	0.06	0.13
Computation of Commission to Directors u/s 349 of the Companies Act, 1956		
Profit after Depreciation	—	2.87
Added Back:		
Directors Remuneration Charged to Profit and Loss Account	—	1.39
Commission to other Directors	—	0.04
Loss on sale of Fixed Assets (Net) – as per books	0.55	—
	0.55	1.43
TOTAL	0.55	4.30
Payment of Remuneration		
1) Managing Director	0.40*	0.77
2) Joint Managing Director	0.36*	0.62
*The applications have been filed with the Central Government for its approval u/s 309 read with schedule XIII to the Companies Act, 1956.		
The Remuneration to the above managerial personnel has been paid within permissible limits specified in sub paragraph 'B' of section II of part II of the Schedule XIII to the Companies Act, 1956.		
Computation of Commission to other Directors		
1% of Net Profit (Subject to maximum of Rs.0.18 Crore)	0.06	0.04

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

For and on behalf of the Board of Directors

CA. Kawal Jain
Partner
Membership No. 089214

O.P. Aggarwal
Executive Director (Finance)

Chandra Mohan
Chairman
Arvind Kapur
Vice Chairman, CEO
& Managing Director
Arun Kapur
Jt. Managing Director

Place : Gurgaon
Dated : 28th May, 2010

B.M. Jhamb
Company Secretary

Anup Singh
Prof. Vinod Kumar Bhalla
Rakesh Kapur
Directors

RICO AUTO INDUSTRIES LIMITED

INFORMATION PURSUANT TO PART IV OF SCHEDULE V TO THE COMPANIES ACT, 1956

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details	Registration No. L34300HR1983PLC 023187	State Code 05
Balance Sheet	Date 31 Month 03	Year 2010
II. Capital raised during the year (Rs. in Thousands)	Public Issue Nil	Right Issue Nil
	Bonus Issue Nil	Private Placement 3270
III. Position of Mobilisation and Deployment of Funds (Rs. in Thousands)	Total Liabilities 7431973	Total Assets 7431973
Sources of Funds	Paid-Up Capital 128855	Reserves & Surplus 2721522
	Warrants 28292	Secured Loans 3411613
	Deferred Tax Liability 357763	Unsecured Loans 783930
Application of Funds	Net Fixed Assets 5259042	Investments 639466
	Net Current Assets 1533465	Misc. Expenditure —
	Accumulated Losses Nil	
IV. Performance of Company (Rs. in Thousands)	Turnover(Incl. Other Income) 8428911	Total Expenditure 8379096
	Profit Before Tax 49815	Profit After Tax 60717
	Earning Per Share in Rs. Basic 0.48 Diluted 0.46	Dividend Rate % 15

Generic Names of Two Principal Products/Service of Company (as per monetary terms)

- | | |
|-----------------------------|---|
| 1. Item Code No. (ITC Code) | 8714.99.00 |
| Product Description | Motorcycle Components |
| 2. Item Code No. (ITC Code) | 8708.99.00 |
| Product Description | Parts and Accessories of Motor Vehicles |

As per ITC-HS classification as amended upto April, 2003

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

For and on behalf of the Board of Directors

CA. Kawal Jain
Partner
Membership No. 089214

O.P. Aggarwal
Executive Director (Finance)

Chandra Mohan
Chairman
Arvind Kapur
Vice Chairman, CEO
& Managing Director
Arun Kapur
Jt. Managing Director

Place : Gurgaon
Dated : 28th May, 2010

B.M. Jhamb
Company Secretary

Anup Singh
Prof. Vinod Kumar Bhalla
Rakesh Kapur
Directors

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Year ended March 31, 2010 (Rs. in Crores)	Year ended March 31, 2009 (Rs. in Crores)
A. Cash Flow from Operating Activities		
Net Profit Before Tax and Extra Ordinary Items	4.98	2.87
Adjustments for:		
Depreciation	47.62	50.02
Loss on Sale of Assets	0.55	(0.04)
Provision for fair valuation of Forward Contracts/ Derivative Liabilities	2.80	(2.82)
Interest Paid	41.00	45.47
Dividend Received	(5.92)	(8.69)
Miscellaneous Expenses Written off	—	1.04
	86.05	84.98
Operating Profit before Working Capital Changes	91.03	87.85
Adjustments for:		
Trade and other Receivables	(32.45)	(7.85)
Inventories	(12.85)	(5.60)
Trade Payable and Provisions	65.17	19.07
	19.87	5.62
Cash Generated from Operations	110.90	93.47
Income Tax Payment for the Year	(1.91)	(1.46)
	108.99	92.01
Cash Flow before Extra Ordinary Items	108.99	92.01
Extra Ordinary Items	—	—
Net Cash from Operating Activities (A)	108.99	92.01
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(89.71)	(62.48)
Sale of Fixed Assets	1.35	0.38
Purchase of Investments	(37.12)	(6.52)
Dividend Received	5.92	8.69
	(119.56)	(59.93)
Net Cash used in Investing Activities (B)	(119.56)	(59.93)
C. Cash Flow from Financing Activities		
Proceeds from Long Term Borrowings	130.17	82.51
Repayment of Long Term Borrowings	(65.97)	(53.30)
Proceeds from Short Term Borrowings (Net)	(15.01)	(31.50)
Dividend Paid – Equity Shares	(2.20)	(8.80)
Proceeds from issue of Share Capital including Warrants	8.55	—
Interest Paid	(41.00)	(45.47)
	14.54	(56.56)
Net Cash from Financing Activities (C)	14.54	(56.56)
Extra Ordinary Items		
Net Increase in Cash and Cash Equivalents	3.97	(24.48)
Cash and Cash Equivalents as at (Opening Balance)	3.11	27.59
Cash and Cash Equivalents as at (Closing Balance)	7.08	3.11

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010 (CONTD.)**Notes :**

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

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

For and on behalf of the Board of Directors

CA. Kawal Jain
Partner
Membership No. 089214

O.P.Aggarwal
Executive Director (Finance)

Chandra Mohan
Chairman
Arvind Kapur
Vice Chairman,CEO
& Managing Director
Arun Kapur
Jt. Managing Director

Place : Gurgaon
Dated : 28th May, 2010

B.M.Jhamb
Company Secretary

Anup Singh
Prof. Vinod Kumar Bhalla
Rakesh Kapur
Directors

AUDITORS' CERTIFICATE

We have examined the attached Cash Flow Statement of Rico Auto Industries Limited for the year ended 31st March, 2010. The Statement has been prepared by the Company in accordance with the requirements of Listing Agreement Clause 32 with Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet covered by our report of even date to the members of the Company.

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

Place : Gurgaon
Dated : 28th May, 2010

CA. KAWAL JAIN
PARTNER
Membership No.089214

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

1.	Name of the Subsidiary Company	Rico Auto Industries Inc., USA	Rico Auto Industries (UK) Limited	Rasa Autocom Limited	Uttarakhand Automotives Limited	Rico JinfelWheels Limited	RAA Autocom Limited
2.	Date from which it became Subsidiary Company	12 th June, 2001	12 th August, 2004	12 th October, 2007	9 th July, 2007	16 th July, 2007	24 th June, 2008
3.	Financial Year of the Subsidiary ended on	31 st March, 2010	31 st March, 2010	31 st March, 2010	31 st March, 2010	31 st March, 2010	31 st March, 2010
4.	Shares of the Subsidiary held by Rico Auto Industries Limited on the above dates i) Number & Face Value ii) Extent of Holding	2500 Equity Shares @ US\$ 10/- each fully paid up (Rs.12.17 Lacs) 100%	20000 Equity Shares @ GBP 1/- each fully paid up (Rs.7.25 Lacs) 100%	75000 Equity Shares @ Rs.10/- each (Rs.7.50 Lacs) 100%	410000 Equity Shares @ Rs.10/- each (Rs.41.00 Lacs) 100%	9250000 Equity Shares @ Rs.10/- each (Rs.925.00 Lacs) 92.50%	50000 Equity Shares @ Rs.10/- each (Rs.5.00 Lacs) 100%
5.	Net Aggregate amount of Profit/Losses of Subsidiary Company so far as it concerns the Members of Rico Auto Industries Limited a) Not dealt with in the accounts of Rico Auto Industries Limited i) for the Subsidiary's financial year above referred ii) for the previous financial year of Subsidiary since it became Subsidiary of Rico Auto Industries Limited b) Dealt with in the accounts of Rico Auto Industries Limited i) for the Subsidiary's financial year above referred ii) for the previous financial year of Subsidiary since it became Subsidiary of Rico Auto Industries Limited	Profit US\$ 224554 (Rs.19.74 Lacs) Profit US\$ 311091 (Rs.303.72 Lacs) Nil Nil	Profit GBP 82570 (Rs.62.49 Lacs) Loss GBP 43711 (Rs.37.97 Lacs) Nil Nil	Loss Rs.82.36 Lacs Loss Rs.33.30 Lacs Nil Nil	Loss Rs.243.70 Lacs Loss Rs.107.72 Lacs Nil Nil	Profit Rs.4.83 Lacs Loss Rs.37.25 Lacs Nil Nil	Loss Rs.71.41 Lacs Loss Rs.27.47 Lacs Nil Nil
6.	Changes in the interest of Rico Auto Industries Limited in the Subsidiary Company between the end of the financial year of the Subsidiary and the financial year of the Company	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
7.	Material changes between the end of the financial year of the Subsidiary and the financial year of the Company	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

For and on behalf of the Board of Directors

O.P.Agarwal
Executive Director (Finance)

Anup Singh
Prof. Vinod Kumar Bhalla
Rakesh Kapur
Directors

Chandra Mohan
Chairman
Arvind Kapur
Vice Chairman, CEO
& Managing Director
Arun Kapur
Jt. Managing Director

Place : Gurgaon
Dated : 28th May, 2010

B.M.Jhamb
Company Secretary

RICO

FINANCIAL SUMMARY RELATING TO SUBSIDIARY COMPANIES AS ON 31.03.2010

(Rs. in Thousand)

Sl. No.	Name of the Subsidiary Company	Reporting Currency	Exchange Rates as on 31/03/2010 (Rs.)	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit before Tax	Provision for Tax	Profit after Tax	Proposed Dividend
1.	Rico Auto Industries Inc., USA	US\$	44.87	1217	79246	306007	225544	—	1001596	8506	6532	1974	—
2.	Rico Auto Industries (UK) Limited, U.K.	GBP	67.27	1725	8181	147845	137939	—	315358	6023	774	5249	—
3.	Rasa Autocom Limited	INR	—	750	(11566)	68116	78932	—	9	(6518)	1718	(8236)	—
4.	Uttarakhand Automotives Limited	INR	—	4100	(35142)	131757	162799	—	0	(18831)	5539	(24370)	—
5.	Rico Jinfei Wheels Limited	INR	—	100000	(3505)	492620	396125	—	79226	2534	2012	522	—
6.	RAA Autocom Limited	INR	—	500	(9888)	38272	47660	—	—	(5726)	1415	(7141)	—

Note: The Balance Sheets, Profit and Loss Accounts, Directors' Reports and Auditors' Reports of the Subsidiaries are not being attached in view of exemption granted by Ministry of Corporate Affairs, Govt. of India, New Delhi vide its Approval letter No. F. No. 47/212/2010-CL-III dated 18th March, 2010. The said annual accounts of the Subsidiary Companies and the related detailed information will be made available to the holding & subsidiary company's investors seeking such information at any point of time (during business hours). The annual accounts of the Subsidiary Companies will also be kept for inspection by any investor at the Corporate Office of the Company/Subsidiary Company.

For and on behalf of the Board of Directors

O.P.Aggarwal
Executive Director (Finance)

Chandra Mohan
Chairman
Arvind Kapur
Vice Chairman, CEO
& Managing Director
Arun Kapur
Jt. Managing Director

Anup Singh
Prof. Vinod Kumar Bhalla
Rakesh Kapur
Directors

Place : Gurgaon
Dated : 28th May, 2010

B.M.Jhamb
Company Secretary

Consolidated
Financial Statements
For The
Financial Year
2009-2010

AUDITORS' REPORT

The Board of Directors,

Rico Auto Industries Limited

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

1. We have examined the attached Consolidated Balance Sheet of Rico Auto Industries Limited and its Subsidiaries and Joint Venture Companies as at 31st March, 2010, the Consolidated Profit and Loss Account for the year then ended and the Consolidated Cash Flow Statement for the year ended on that date (these are referred to as consolidated financial statements).
2. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of Rico Auto Industries Inc., USA & Rico Auto Industries (UK) Limited, U.K., Wholly Owned Subsidiaries, KRP Auto Industries Limited, Joint Venture & Subsidiary and FCC Rico Limited, Continental Rico Hydraulic Brakes India Private Limited & Magna Rico Powertrain Private Limited, Joint Venture Companies for the year ended 31st March, 2010. The Financial Statements of these Subsidiaries and Joint Venture Companies reflect total Assets of Rs.48.27 Crores and Rs.315.13 Crores respectively (Previous year Rs.57.47 Crores and Rs.246.08 Crores) as at 31st March, 2010, total Revenue of Rs.131.30 Crores and Rs.481.35 Crores respectively (Previous year Rs.145.39 Crores and Rs.363.34 Crores) for the year ended on that date. The net cash flows from operating activities reflect Rs.8.50 Crores (negative) (Previous year Rs.13.20 Crores (negative)). The financial statements of the Subsidiaries and Joint Venture Companies reflect Net Profit after Tax of Rs.3.75 Crores (negative) (Previous year Profit Rs.0.34 Crore) for the year ended 31st March, 2010. These Financial Statements and other financial information have been audited by other auditors whose reports have been furnished to us except KRP Auto Industries Limited whose accounts are unaudited and consolidated on the basis of provisional Balance Sheet (Total Assets Rs.2.86 Crores) (Previous year Rs. Nil) Cash Flow from operating activities Rs.2.85 Crores (Previous year Rs. Nil) and our opinion, in so far as it relates

to the amounts included in respect of these Subsidiaries and Joint Venture Companies is based solely on the report of the other auditors.

4. We report that the consolidated financial statements have been prepared by Group's management in accordance with the requirements of Accounting Standard (AS-21), Consolidated Financial Statements, Accounting Standard (AS-23), Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS-27), Financial Reporting of Interests in Joint Venture, issued under the Companies (Accounting Standards) Amended Rules, 2009.
5. During the period covered under audit, the Company has allotted 97,00,000 Warrants of Re.1/- each at a premium of Rs.16.50 per share on preferential basis to the Promoter Group Company in accordance with SEBI Guidelines. Out of this, 32,70,000 equity shares of Re.1/- each allotted to the Promoter Group Company namely M/s. Kapsons Associates Investments Private Limited.

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

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

- a) the Consolidated Balance Sheet, of the consolidated state of affairs of Rico Auto Industries Limited and its Subsidiaries and Joint Venture Companies as at 31st March, 2010;
- b) the Consolidated Profit and Loss Account, of the consolidated results of operations of Rico Auto Industries Limited and its Subsidiaries and Joint Venture Companies for the year then ended; and
- c) the Consolidated Cash Flow Statement, of the cash flow of Rico Auto Industries Limited and its Subsidiaries and Joint Venture Companies for the year ended on that date.

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

CA. KAWAL JAIN
PARTNER

Place : Gurgaon
Dated : 28th May, 2010

Membership No. 089214

RICO AUTO INDUSTRIES LIMITED

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	Schedule No.	As at March 31, 2010 (Rs. in Crores)	As at March 31, 2009 (Rs. in Crores)
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
Share Capital	1	12.89	12.56
Warrants	1A	2.83	—
Share Application Money	1B	3.25	—
Reserves & Surplus	2	285.83	284.57
		304.80	297.13
2. LOAN FUNDS	3	441.55	391.07
3. DEFERRED TAX LIABILITY	4	35.70	35.93
TOTAL		782.05	724.13
APPLICATION OF FUNDS			
1. FIXED ASSETS			
Gross Block	5	893.92	791.78
Less : Depreciation		332.28	281.22
Net Block		561.64	510.56
Capital Work-in-Progress		61.97	49.61
2. INVESTMENTS		—	—
3. CURRENT ASSETS, LOANS & ADVANCES			
A) Inventories	6	139.85	129.76
B) Sundry Debtors	7	141.19	99.70
C) Cash & Bank Balances	8	14.13	13.03
D) Loans & Advances	9	105.54	98.58
		400.71	341.07
Less : Current Liabilities & Provisions	10	242.27	177.11
Net Current Assets		158.44	163.96
4. MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	11	—	—
TOTAL		782.05	724.13
NOTES ON ACCOUNTS	15		

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

For and on behalf of the Board of Directors

CA. Kawal Jain
Partner
Membership No. 089214

O.P. Aggarwal
Executive Director (Finance)

Chandra Mohan
Chairman
Arvind Kapur
Vice Chairman, CEO
& Managing Director
Arun Kapur
Jt. Managing Director

Place : Gurgaon
Dated : 28th May, 2010

B.M. Jhamb
Company Secretary

Anup Singh
Prof. Vinod Kumar Bhalla
Rakesh Kapur
Directors

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule No.	Year ended March 31, 2010 (Rs. in Crores)	Year ended March 31, 2009 (Rs. in Crores)
INCOME			
Sales	12	1066.75	1004.37
Less : Excise Duty		72.20	99.98
		994.55	904.39
Other Income		20.67	25.07
		<u>1015.22</u>	<u>929.46</u>
EXPENDITURE			
Manufacturing & Other Expenses	13	916.16	831.42
Financial Charges	14	40.94	46.47
Miscellaneous Expenditure Written Off		—	0.15
		<u>957.10</u>	<u>878.04</u>
Profit before Depreciation		58.12	51.42
Depreciation		56.83	54.13
Profit after Depreciation		1.29	(2.71)
Fringe Benefit Tax		—	0.82
Provision for Taxation		6.83	5.34
Provision for Deferred Tax		(0.23)	(3.51)
Profit after Tax		(5.31)	(5.36)
Previous Year Income Tax		0.40	0.00
Amount Available for Appropriations		<u>(4.91)</u>	<u>(5.36)</u>
APPROPRIATIONS			
Proposed Dividend on Equity Shares		6.71	7.81
Corporate Dividend Tax		1.13	1.33
Transferred to General Reserve		1.53	1.09
Balance carried over to Balance Sheet		(14.28)	(15.59)
		<u>(4.91)</u>	<u>(5.36)</u>
EARNING PER SHARE (Equity Shares, par value Re.1/- each)			
Basic (Rupee)		(0.39)	(0.43)
Diluted (Rupee)		(0.37)	(0.43)
Number of Shares considered for computing Earning Per Share			
Basic		125593959	125585000
Diluted		132600890	125585000
NOTES ON ACCOUNTS			
15			

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

For and on behalf of the Board of Directors

CA. Kawal Jain
Partner
Membership No. 089214

O.P.Aggarwal
Executive Director (Finance)

Chandra Mohan
Chairman
Arvind Kapur
Vice Chairman, CEO
& Managing Director
Arun Kapur
Jt. Managing Director

Place : Gurgaon
Dated : 28th May, 2010

B.M.Jhamb
Company Secretary

Anup Singh
Prof. Vinod Kumar Bhalla
Rakesh Kapur
Directors

SCHEDULES TO CONSOLIDATED BALANCE SHEET

	As at March 31, 2010 (Rs. in Crores)	As at March 31, 2009 (Rs. in Crores)
Schedule 1 – SHARE CAPITAL		
AUTHORISED		
25,00,00,000 Equity Shares of Re.1/- each (Previous year 25,00,00,000 Equity Shares of Re.1/- each)	25.00	25.00
50,00,000 Redeemable Preference Shares of 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>
ISSUED, SUBSCRIBED AND PAID-UP		
12,88,55,000 Equity Shares of Re.1/- each fully paid up (Previous year 12,55,85,000 Equity Shares of Re.1/- each) (Out of above shares 53,58,500 Equity Shares of Rs.10/- each were allotted as fully paid-up by way of Bonus Shares)	12.89	12.56
	<u>12.89</u>	<u>12.56</u>
Schedule 1A – Warrants		
64,30,000 Warrants @ Rs.4.40 (Previous year Nil) (Refer Note No. 4 of Notes on Accounts)	2.83	—
	<u>2.83</u>	<u>—</u>
Schedule 1B – Share Application Money		
65,00,008 Shares @ Rs.10.00 (Previous year Nil)	3.25	—
	<u>3.25</u>	<u>—</u>
Schedule 2 – RESERVES AND SURPLUS		
CAPITAL RESERVE	#	#
# On Forfeited Shares & NCDs – Rs.34785/-		
STATE CAPITAL SUBSIDY	0.20	0.20
SHARE PREMIUM ACCOUNT	134.43	129.03
CAPITAL REDEMPTION RESERVE	2.00	2.00
EXCHANGE EQUALISATION RESERVE	(0.11)	—
HEDGING RESERVE	(0.02)	(2.82)
GENERAL RESERVE		
As per last Balance Sheet	89.76	85.12
Add : Transferred from Profit & Loss Account	1.53	1.09
Add : Previous Year Forex Capitalization	—	3.55
	<u>91.29</u>	<u>89.76</u>
SURPLUS		
As per last Balance Sheet	66.40	73.30
Add : Dividend Received (Inter-group)	5.92	8.69
Add : Transferred from Profit & Loss Account	(14.28)	(15.59)
	<u>58.04</u>	<u>66.40</u>
	<u>285.83</u>	<u>284.57</u>

SCHEDULES TO CONSOLIDATED BALANCE SHEET (CONTD.)

	As at March 31, 2010 (Rs. in Crores)	As at March 31, 2009 (Rs. in Crores)
Schedule 3 – LOAN FUNDS		
SECURED LOANS		
a) Term Loan from Banks:		
Foreign Currency Loan	8.09	34.26
Rupee Loan	243.23	150.69
b) Working Capital Loans from Banks:		
Foreign Currency Loan	17.16	6.65
Rupee Loan	88.36	67.44
c) Other Loans & Advances:		
(1) From Banks	0.42	0.03
(2) From Companies	1.05	1.40
UNSECURED LOANS		
From Banks:		
Foreign Currency Loan	55.24	32.07
Rupee Loan	28.00	90.89
Others	—	5.80
Others		
Deferred Sales Tax	—	1.84
	441.55	391.07

SECURED LOANS

a) Term Loans:

Foreign Currency ECB Loan and Rupee Term Loans are secured by hypothecation of movable fixed assets, both present & future and mortgage by deposit of title deeds of the immovables properties of the Company situated at Dharuhera and Gurgaon ranking first pari-passu charge basis among Axis Bank Limited, Citibank N.A., IDBI Bank Limited, Kotak Mahindra Bank Limited, Standard Chartered Bank, State Bank of Hyderabad, State Bank of Patiala and Yes Bank Limited. The Term Loan of Rs.25.00 Crores from Yes Bank Limited is additionally secured by corporate guarantee of an Associate Company and personal guarantees of Managing Director, Joint Managing Director and a Director of the Company.

The Rupee Term Loans includes Rs.17.11 Crores (Previous year Rs.14.95 Crores) availed by Rico Jinfei Wheels Limited, Subsidiary & Joint Venture Company, from Axis Bank Limited, which is secured by exclusive first charge by way of hypothecation of movable properties and mortgage by deposit of title deeds of the immovable properties of the said Company and also second charge over the current assets of the said Company.

b) Working Capital Loans:

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

c) Other Loans:

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

UNSECURED LOANS

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

Unsecured Loans upto Rs.30.00 Crores from DBS Bank Limited are personally guaranteed by Managing Director of the Company.

SCHEDULES TO CONSOLIDATED BALANCE SHEET (CONTD.)

	As at March 31, 2010 (Rs. in Crores)	As at March 31, 2009 (Rs. in Crores)
Schedule 4 – DEFERRED TAX LIABILITY		
As per last Balance Sheet	35.93	37.61
Add : Previous Year's Foreign Exchange Capitalization of Fixed Assets	—	1.83
Less : Provision for the year	0.23	3.51
	35.70	35.93

Schedule 5 – FIXED ASSETS

Schedule 5 – FIXED ASSETS

(Rs. in Crores)

GROSS BLOCK											DEPRECIATION				NET BLOCK	
Particulars	Cost as on 31.03.09	Addition during the year	Sale/Trf. during the year	Total Cost as on 31.03.10	Up to 31.03.09	For the year	On Sale/ Transfer	Up to 31.03.10	As on 31.03.10	As on 31.03.09						
LAND	13.92	2.78	—	16.70	—	—	—	—	16.70	13.92						
LAND (LEASE HOLD)	27.94	10.71	—	38.65	0.11	0.13	—	0.24	38.41	27.83						
BUILDINGS	77.56	5.42	—	82.98	14.85	2.87	—	17.72	65.26	62.71						
FURNITURE & FIXTURES	6.96	0.33	—	7.29	3.35	0.97	—	4.32	2.97	3.61						
PLANT & MACHINERY	621.78	87.93	6.62	703.09	233.62	49.22	4.58	278.26	424.83	388.16						
OFFICE EQUIPMENT	29.30	2.10	0.04	31.36	21.82	1.78	0.13	23.47	7.89	7.48						
VEHICLES	14.32	1.12	1.59	13.85	7.47	1.86	1.06	8.27	5.58	6.85						
TOTAL	791.78	110.39	8.25	893.92	281.22	56.83	5.77	332.28	561.64	510.56						
PREVIOUS YEAR FIGURES	695.15	99.01	2.38	791.78	229.03	54.13	1.94	281.22	510.56	466.12						

CAPITAL WORK-IN-PROGRESS

Capital Work-in-Progress	51.31	42.96
Pre-Operative Expenses	10.66	6.65
Total	61.97	49.61

Note: Additions in Fixed Assets during the year include Rs.1.58 crores (Previous year Rs.1.06 crores) on account of capitalisation of borrowing cost and Rs.2.13 crores (Previous year Rs.13.11 crores) on account of foreign exchange fluctuation.

Pre-Operative Expenses

Personnel Expenses	1.01	0.56
Contribution to Provident & Other Funds	—	—
Labour & Staff Welfare	0.02	0.02
Rent	3.37	1.22
Rates & Taxes	0.10	0.10
Travelling & Conveyance	0.63	0.47
Repair & Maintenance (Others)	—	—
Other Expenses	0.74	0.08
Technical Know How	4.03	3.44
Financial Charges	0.73	0.73
Depreciation	—	0.00
Taxation	0.03	0.03
Total	10.66	6.65

SCHEDULES TO CONSOLIDATED BALANCE SHEET (CONTD.)

	As at March 31, 2010 (Rs. in Crores)	As at March 31, 2009 (Rs. in Crores)
Schedule 6 – INVENTORIES		
(As valued and certified by the Management – Cost or Realisable Value whichever is less)		
Goods in Transit	16.15	9.34
Stores & Spares	39.99	36.05
Raw Material & Components	32.46	26.44
Work-in-Process	35.33	28.40
Finished Goods	15.92	29.53
	<u>139.85</u>	<u>129.76</u>
Schedule 7 – SUNDRY DEBTORS		
(Unsecured considered good)		
Debts outstanding for a period exceeding six months	7.70	7.61
Less : Provision for Doubtful Debts	<u>1.04</u>	<u>1.04</u>
	6.66	6.57
Other Debts	134.53	93.13
	<u>141.19</u>	<u>99.70</u>
Schedule 8 – CASH AND BANK BALANCES		
1. Cash in hand	0.19	0.05
2. Cheques in hand	0.90	—
3. Balances with Scheduled Banks		
a) In Current Accounts	12.65	12.59
b) In Dividend Accounts	0.39	0.39
	<u>14.13</u>	<u>13.03</u>
Schedule 9 – LOANS AND ADVANCES		
(Unsecured considered good)		
a) Advances recoverable in cash or in kind or for value to be received	90.70	84.72
Less : Provision for doubtful advances	<u>0.17</u>	<u>0.17</u>
	90.53	84.55
b) Security Deposits	4.57	5.28
c) Advance Income Tax (Net)	10.44	8.75
	<u>105.54</u>	<u>98.58</u>

SCHEDULES TO CONSOLIDATED BALANCE SHEET (CONTD.)

	As at March 31, 2010 (Rs. in Crores)	As at March 31, 2009 (Rs. in Crores)
Schedule 10 – CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
a) Sundry Creditors		
1) Due to Micro, Small & Medium Enterprises	3.11	2.49
2) Others	165.24	106.05
b) Other Liabilities		
1) Expenses payable	50.95	40.65
2) Income Tax deducted at source payable	1.32	1.06
3) Interest accrued but not due	2.33	3.21
4) Other Statutory Liabilities	4.30	5.79
5) Unclaimed Dividends	0.38	0.39
PROVISIONS		
c) Proposed Dividend	6.71	7.81
d) Provision for Income Tax (Net of Advance Tax)	6.78	5.51
e) Provision for Corporate Dividend Tax	1.13	1.33
f) Fair Valuation/Derivative Liabilities	0.02	2.82
	<u>242.27</u>	<u>177.11</u>
Schedule 11 – MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Share Issue & Deferred Revenue Expenses	—	1.19
Less : Expenses written off during the year	—	1.19
	<u>—</u>	<u>—</u>

SCHEDULES TO PROFIT & LOSS ACCOUNT

	Year ended March 31, 2010 (Rs. in Crores)	Year ended March 31, 2009 (Rs. in Crores)
Schedule 12 – SALES & OTHER INCOME		
Sales (TDS Rs.3,44,32,930/- Previous year Rs.Nil)	1063.85	1000.37
Miscellaneous Sales	2.84	3.86
Job Work (TDS Rs.70,561/- Previous year Rs.10,952/-)	0.06	0.14
	<u>1066.75</u>	<u>1004.37</u>
Interest Received	2.46	4.58
(TDS Rs.80,71,616/- Previous year Rs.1,73,89,562/-)		
Miscellaneous Income	8.88	10.06
(TDS Rs.83,69,732/- Previous year Rs.1,34,15,054/-)		
Foreign Exchange Fluctuation & Gains	9.33	10.38
Profit on Sale of Assets (Net)	0.00	0.05
	<u>20.67</u>	<u>25.07</u>
	<u>1087.42</u>	<u>1029.44</u>

SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT (CONTD.)

	Year ended March 31, 2010 (Rs. in Crores)	Year ended March 31, 2009 (Rs. in Crores)
Schedule 13 – MANUFACTURING & OTHER EXPENSES		
Raw Material & Components Consumed	609.91	569.18
Add : Opening Stock		
Work-in-Process	28.40	28.83
Finished Goods	29.53	20.84
	<u>57.93</u>	
	667.84	618.85
Less : Closing Stock		
Work-in-Process	35.33	28.40
Finished Goods	15.92	29.53
	<u>51.25</u>	
	616.59	560.92
Stores & Spares Consumed	58.81	49.98
Power & Fuel	68.58	65.31
Personnel Expenses	100.60	87.47
Contribution to Provident & other Funds	4.03	4.10
Labour & Staff Welfare	4.18	2.35
Rent	0.55	0.41
Rates & Taxes	1.42	1.16
Directors' Sitting Fees	0.03	0.03
Commission to Directors	0.13	0.11
Insurance	1.71	1.61
Travelling & Conveyance	3.17	4.08
Auditors' Remuneration*	0.29	0.29
Advertisement & Publicity	0.25	0.16
Sales Promotion	0.28	0.24
Repair & Maintenance (Machineries)	3.32	3.05
Repair & Maintenance (Buildings)	0.82	0.96
Repair & Maintenance (Others)	1.96	1.74
Charity & Donation	0.14	0.24
Other Expenses	48.36	45.76
Technical Know How	0.26	—
Loss on Sale of Assets (Net)	0.60	0.00
Previous year Expenses (Net)	0.08	1.45
	<u>916.16</u>	<u>831.42</u>
Note: * Auditors' Remuneration includes payments/provisions for :		
Audit Fee	0.22	0.22
Tax Audit Fee	0.02	0.02
Income Tax Matters	0.01	0.02
Other Capacity	0.03	0.02
Expenses Reimbursed	0.01	0.01
	<u>0.29</u>	<u>0.29</u>
Schedule 14 – FINANCIAL CHARGES		
Term Loan Interest	20.56	15.72
Interest to Banks & Others	20.38	30.75
	<u>40.94</u>	<u>46.47</u>

**Schedule 15 – ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR
THE YEAR ENDED 31ST MARCH, 2010****SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****A. ACCOUNTING POLICIES****1. Principles of Consolidation:**

- i) The Consolidated Financial Statements relate to Rico Auto Industries Limited (the Parent Company), Rico Auto Industries Inc., USA (Wholly Owned Subsidiary Company incorporated in USA), Rico Auto Industries (UK) Limited (Wholly Owned Subsidiary Company incorporated in U.K.), FCC Rico Limited (a Joint Venture Company), Rico Jinfei Wheels Limited (Joint Venture & Subsidiary Company), Continental Rico Hydraulic Brakes India Private Limited (a Joint Venture Company), Magna Rico Powertrain Private Limited (a Joint Venture Company), Rasa Autocom Limited (Wholly Owned Subsidiary Company), RAA Autocom Limited (Wholly Owned Subsidiary Company), Uttarakhand Automotives Limited (Wholly Owned Subsidiary Company) & KRP Auto Industries Limited (Joint Venture & Subsidiary Company).
- ii) The Consolidated Financial Statements have been prepared on the basis of AS-21 and AS-27 issued by ICAI read with the following basic assumptions:
 - a) The Financial Statements of the Parent Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group transactions and resultant unrealized profits or losses. In case of the Joint Venture Companies proportionate Consolidation of the assets, liabilities, income and expenses of jointly controlled Company has been done.
 - b) Investments of the Parent Company in the Subsidiaries and Joint Ventures are eliminated against respective stake of the Parent Company.
 - c) In respect of foreign subsidiaries, the financials have been converted from US GAAP & UK GAAP to Indian GAAP. Current Assets, Liabilities, Income and Expenses of overseas Subsidiaries have been translated in reporting currency in terms of exchange rates prevailing on year-end date.
 - d) Impact of exchange fluctuations, whether revenue or capital in nature, appearing in the accounts of the overseas subsidiaries are directly charged to revenue in Consolidated Financial Statements.

2. Depreciation:

- i) In respect of the Holding Company (Rico Auto Industries Limited), depreciation on Building and Plant & Machinery is provided on pro-rata basis at the Straight Line Method and on rest of Fixed Assets has been provided on pro-rata basis on the Written Down Value Method, at the rates prescribed in Schedule XIV of the Companies Act, 1956.
- ii) Rico Auto Industries Inc. USA (Overseas Subsidiary Company) and Rico Auto Industries (UK) Limited, U.K. (Overseas Subsidiary Company) have the Fixed Assets on which depreciation is charged on Straight Line Method basis at the rates and subject to the provisions of the applicable local laws of the country.
- iii) In respect of FCC Rico Limited (Joint Venture) & Continental Rico Hydraulic Brakes India Private Limited (Joint Venture) depreciation is provided on Assets put to use, on pro-rata basis on the Written Down Value Method at the rates prescribed in the Schedule XIV of the Companies Act, 1956 including the pre-operative expenditure have been capitalized under the head of "Project Development Expenditure" in case of Continental Rico Hydraulic Brakes India Private Limited.
- iv) In respect of Rico Jinfei Wheels Limited new Joint Venture & Subsidiary Company, the projects are under Implementation. The assets which have been acquired till the date of accounts have been shown in the Assets. The depreciation has been charged under Straight Line Method in Rico Jinfei Wheels Limited and Magna Rico Powertrain Private Limited (Joint Venture).

B. NOTES ON ACCOUNTS**1. Contingent Liabilities:**

- i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs.19.26 Crores (Previous year Rs.51.26 Crores).
- ii) Bank Guarantees remaining outstanding Rs.2.49 Crores (Previous year Rs.1.98 Crores).
- iii) Letters of Credit outstanding in favour of suppliers Rs.30.88 Crores (Previous year Rs.4.15 Crores).

- iv) The Company has given counter guarantees to the extent of Rs.22.03 Crores, Rs.16.43 Crores, Rs.5.72 Crores and Rs.1.33 Crores respectively to Axis Bank Limited, State Bank of Patiala, Standard Chartered Bank and DBS Bank Limited for the payment of Buyers' Credits arranged through them from Foreign Banks.
- v) The Company has executed General Surety Bonds for Rs.1.00 Crore in favour of the President of India, under Central Excise Act, 1944 and Customs Act, 1962 (Previous year Rs.1.00 Crore).
- vi) Disputed demands contested in appeals:
 - a) Sales Tax Rs.7.95 Crores (Previous year Rs.6.34 Crores).
 - b) Central Excise & Service Tax Rs.4.35 Crores (Previous year Rs.3.79 Crores).
 - c) Local Area Development Tax (LADT) Rs.0.01 Crore (Previous year Rs.0.01 Crore).
 - d) Income Tax Rs.1.79 Crores (Previous year Rs.0.92 Crore).
 - e) Customs Duty/Show Cause Notice Rs.0.07 Crore (Previous year Rs.0.07 Crore).
- vii) Surety Bonds executed in favour of the President of India, under Export Promotion Capital Goods Scheme (EPCG) for importing Capital Goods at concessional rate of custom duty, amounting to Rs.122.19 Crores (Previous year Rs.122.19 Crores).
- viii) Show Cause Notice received from Service Tax Department for Rs.0.07 Crore (Previous year Rs.0.07 Crore).

Based on favourable judgements in similar cases, legal opinions taken by the Company, discussions with the solicitors, etc. the Company believe that there is fair chance of decisions in favour in respect of the items listed at (vi)(a)(b)(c) and (d) above and hence no provision has been considered necessary against the same.

2. The other Notes to Accounts containing inter-alia explanatory material & security particulars on secured loans have not been included here as the same are disclosed in the accounts of respective Companies under consolidation.
3. Some of the balances under Sundry Creditors, Sundry Debtors, and Loan & Advances are subject to reconciliation and confirmation.
4. During the year:
 - i) the Company has allotted 97,00,000 Warrants convertible into equivalent number of Equity Shares of Re.1/- each at a premium of Rs.16.50 per share on preferential basis to the Promoter Group Company in accordance with SEBI Guidelines. The Warrant holder has the option of subscribing for 1 equity share of the Company of Re.1/- per warrant at a premium of Rs.16.50 per equity share to be exercised within a period of 18 months from the date of allotment i.e. 11th July, 2009. In case, the options are not exercised, the amount paid of Rs.4.40 per Warrant is liable to be forfeited. The Company has received an amount of Rs.4.40 per warrant being not less than 25 per cent of the offer price, aggregating to Rs.4.26 Crores from the Warrant holder against allotment of warrants. The amount collected against warrants shall be adjusted against the price payable subsequently for subscribing the share by exercising the option. The money received towards allotment of said warrants has been used for the working capital requirement of the Company.
 - ii) 32,70,000 Warrants out of the 97,00,000 Warrants allotted to the Promoter Group Company namely M/s. Kapsons Associates Investments Private Limited have been converted by way of first tranche into 32,70,000 Equity Shares of Re.1/- each at a premium of Rs.16.50 per share (already received Rs.4.40 per warrant alongwith application) and the balance amount of Rs.13.10 per equity share aggregating to Rs.4,28,37,000/- collected from the allottee against the allotment of 32,70,000 equity shares, will be utilized for the purpose it has been raised. The Paid-up Share Capital has increased to Rs.12,88,55,000/- after this allotment.
5. Consequent to the labour unrest in the Company during the period from 21st September, 2009 to 5th November, 2009 production was disrupted, resulting in production loss of around Rs.42.00 Crores both for domestic and overseas customers.

RICO AUTO INDUSTRIES LIMITED

6. Related Party Disclosures

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

A. Companies

Name of the Company	Country of Incorporation	Nature of Relationship	Quantum of Interest
Rico Auto Industries Inc.	USA	Subsidiary	100%
Rico Auto Industries (UK) Limited	U.K.	Subsidiary	100%
FCC Rico Limited	India	Joint Venture	50%
Kapsons Associates Investments Private Limited	India	Directors Interested	—
Rico Castings Limited	India	Directors Interested	—
Higain Investments Private Limited	India	Directors Interested	—
Rasa Autocom Limited	India	Subsidiary	100%
Uttarakhand Automotives Limited	India	Subsidiary	100%
RAA Autocom Limited	India	Subsidiary	100%
Rico Jinfei Wheels Limited	India	Joint Venture & Subsidiary	92.50%
Continental Rico Hydraulic Brakes India Private Limited	India	Joint Venture	50%
Magna Rico Powertrain Private Limited	India	Joint Venture	50%
KRP Auto Industries Limited	India	Joint Venture & Subsidiary	95%
Octan Media Limited	India	Directors Interested	—
Kapbros Engineering Industries Limited	India	Directors Interested	—
Rupak Automotive Industries Limited	India	Directors Interested	—
Raasaa Retail Private Limited	India	Directors Interested	—

B. Key Management Personnel

Details of Key Management Personnel are as under:

NAME	
Shri Arvind Kapur Vice Chairman, CEO & Managing Director Director Director Director Director Director Director Director Director Director Director Director Director Director Director	— Rico Auto Industries Limited — Rico Auto Industries Inc.,USA — Rico Auto Industries (UK) Limited, U.K. — FCC Rico Limited — Higain Investments Private Limited — Kapsons Associates Investments Private Limited — Rico Jinfei Wheels Limited — Continental Rico Hydraulic Brakes India Private Limited — S. T. Limited — Unitech Machines Limited — KDB Investments Private Limited — Magpie Properties Private Limited — Haridwar Estates Private Limited — Octan Media Limited — Contech Infosystems Private Limited — Raasaa Retail Private Limited
Shri Arun Kapur Joint Managing Director Director Director Director Director Director Director Director Director Director	— Rico Auto Industries Limited — Rasa Autocom Limited — RAA Autocom Limited — Uttarakhand Automotives Limited — Higain Investments Private Limited — Kapsons Associates Investments Private Limited — Magpie Properties Private Limited — Octan Media Limited — Rico Castings Limited — Kapbros Engineering Industries Limited
Shri Rakesh Kapur Director Director Managing Director Director Director Director Director Director Director Director Managing Director Director Director	— Rico Auto Industries Limited — Rico Auto Industries Inc.,USA — Rico Castings Limited — Rasa Autocom Limited — RAA Autocom Limited — Uttarakhand Automotives Limited — Higain Investments Private Limited — Kapsons Associates Investments Private Limited — Magpie Properties Private Limited — Octan Media Limited — Rico Jinfei Wheels Limited — Kapbros Engineering Industries Limited — KRP Auto Industries Limited
Shri Satoshi Nakaya Managing Director	— FCC Rico Limited
Shri Bingzao Ge Director	— Rico Jinfei Wheels Limited
Shri Murali Srinivasan Managing Director	— Continental Rico Hydraulic Brakes India Private Limited
Shri Klaus Drobnak Director	— Magna Rico Powertrain Private Limited

RICO AUTO INDUSTRIES LIMITED

C. Transaction between the Related Parties

(Rs. in Crores)

Name of the related parties with whom the transactions have been made	Description of relationship with the party	Nature of Transactions	Amount 2009-2010	Amount Outstanding as on 31/03/2010
Rico Auto Industries Inc.,USA	Wholly Owned Subsidiary	Goods Sold Outstanding Receivable Job Work Income Received	84.79 — 0.06	— 20.95 —
Rico Auto Industries (UK) Limited, U.K.	Wholly Owned Subsidiary	Goods Sold Outstanding Receivable Job Work Income Received	29.24 — 0.05	— 14.13 —
FCC Rico Limited	Joint Venture	Goods Purchased Goods Sold Outstanding Receivable Job Work Income Received	16.44 62.67 — 0.03	— — 4.88 —
Managing Director/ Joint Managing Director/ other Directors	Key Management Personnel	Remuneration/Commission	0.76	—
Rico Castings Limited	Directors Interested	Goods Purchased Goods Sold Purchase of Machineries Sales of Machineries Job Work Expenses Outstanding Receivable	43.69 2.85 0.15 1.07 0.19 —	— — — — — 11.76
Rico Jinfei Wheels Limited	Joint Venture & Subsidiary	Investment in Joint Venture Company Goods Sold Purchase of Machineries Job Work Expenses Loan given during the year Loan given Outstanding (Interest bearing) Interest Received Sale of Machinery Outstanding Receivable	2.82 0.03 2.07 0.32 4.93 10.20 0.78 — —	— — — — — — — — 7.93
Continental Rico Hydraulic Brakes India Private Limited	Joint Venture	Goods Purchased Goods Sold Rent Received for office space Investment Joint Venture Company Outstanding Receivable	0.00 0.11 1.80 29.25 —	— — — — 1.81
Magna Rico Powertrain Private Limited	Joint Venture	Goods Sold Rent Received for office space Investment in Joint Venture Company Outstanding Receivable	0.27 1.15 5.00 —	— — — 0.44
Rasa Autocom Limited	Wholly Owned Subsidiary	Loan given during the year Loan given Outstanding (Interest bearing) Interest Received Outstanding Receivable	0.99 6.71 0.54 —	— — — 6.72

Transaction between the Related Parties Contd.

Uttarakhand Automotives Limited	Wholly Owned Subsidiary	Loan given during the year Loan given Outstanding (Interest bearing) Interest Received Outstanding Receivable	(2.13) 16.23 1.88 —	— — — 16.23
RAA Autocom Limited	Wholly Owned Subsidiary	Loan given during the year Loan given Outstanding (Interest bearing) Interest Received Outstanding Receivable	(1.01) 3.74 0.42 —	— — — 3.74
Octan Media Limited	Directors Interested	Goods Purchased Rent Received for office space Outstanding Receivable	0.10 0.05 —	— — 0.05
Kapsons Associates Investments Private Limited	Directors Interested	Rent Paid	0.35	—
Kapbros Engineering Industries Limited	Directors Interested	Goods Sold Sale of Machineries Job Work Expenses Outstanding Receivable	0.51 0.65 0.01 —	— — — 1.16
KRP Auto Industries Limited	Joint Venture & Subsidiary	Equity Contribution in Cash	0.05	—
Total		Goods Sold	180.47	—
		Goods Purchased	60.23	—
		Job Work Expenses	0.52	—
		Job Work Income Received	0.14	—
		Interest Received	3.62	—
		Rent Received for office space	3.00	—
		Purchase of Machineries	2.22	—
		Sales of Machineries	1.72	—
		Rent Paid	0.35	—
		Equity Contribution in Cash	0.05	—
		Investment in Joint Ventures	37.07	—
		Loan given during the year	2.78	—
		Loan Outstanding (Interest bearing)	36.88	—
		Remuneration/Commission	0.76	—
		Outstanding Receivable	—	89.80
		Outstanding Payable	—	—

RICO AUTO INDUSTRIES LIMITED

7. The Profit & Loss Account of the Company includes Net Profit of Rs.6.48 Crores (Previous year Net Profit of Rs.10.36 Crores) on account of Foreign Exchange Fluctuation, details of the same are stated as below:

(Rs. in Crores)		
Particulars	Current Year	Previous Year
Profit/Loss earned on Imports (Net)	3.07	(1.02)
Profit/(Loss) recognized on Exports (Net)	(5.34)	15.93
Profit/(Loss) on Buyers' Credits & Forward Contracts	6.09	(4.55)
Profit/(Loss) earned on Foreign Currency Loan	2.66	—
Total Amount (Net)	6.48	10.36

8. In view of several Subsidiaries and Joint Ventures of the Company, with each entity operating under different regulatory requirements in different countries and adopting different policies and disclosure, the information required under Accounting Standards (AS)15 on Employee Benefits is not disclosed in Consolidated Financial Statements due to impracticability.
9. Earning Per Share (EPS) – The numerators and denominators used to calculate Basic and Diluted Earnings Per Share:

Particulars		Year ended March 31, 2010	Year ended March 31, 2009
Net Profit after Income Tax (Rs. in Crores)	(A)	(4.91)	(5.36)
No. of Equity Shares (Weighted average)			
– Basic	(B)	12,55,93,959	12,55,85,000
– Diluted/Adjusted	(C)	13,26,00,890	12,55,85,000
Nominal Value per Equity Share (Rupee)		1	1
Earning Per Share before extra ordinary items (Rupee)			
– Basic	(A)/(B)	(0.39)	(0.43)
– Diluted/Adjusted	(A)/(C)	(0.37)	(0.43)
Earning Per Share after extra ordinary items (Rupee)			
– Basic	(A)/(B)	(0.39)	(0.43)
– Diluted/Adjusted	(A)/(C)	(0.37)	(0.43)

10. i) In pursuance of Micro, Small & Medium Enterprises Development Act, 2006, the name of the Enterprises to whom the Company owes any sum which is outstanding at the year end are as below:

(Amount in Rupees)				
Name of the Party	Current Year		Previous Year	
	Interest Amount	Balance as on 31.03.2010	Interest Amount	Balance as on 31.03.2009
Century NF Castings	—	1220367.85	4158.64	197778.54
Jayem Auto Industries Private Limited	—	33186.23	35.21	26932.27
Metals India	—	33712.00	11.34	233018.81
Silicarb Recrystallized Private Limited	—	1165348.76	—	—
KJK Poly Diamonds International Private Limited	—	43883.73	707.30	87440.60
Marshall Castings Limited	—	433558.50	—	—
Mercury Fittings Private Limited	—	229512.24	—	—
Nicks Auto Industries	—	6860964.54	29776.06	5365391.65
Jaycee Steels Industries	6806.30	1752762.80	12369.00	4873617.25
Balaji Aluminium Alloys Private Limited	—	13096552.95	104.00	10982904.32
Branopac India Private Limited	—	147538.40	315.00	—
Carbo Tools & Gauges (I) Private Limited	—	230733.41	607.00	27614.90
Gargi Huttenes-Albertus Private Limited	—	81224.22	511.00	51418.97
Gargi Industries	—	—	237.00	20189.06
Union Rubber Mills	—	—	114.00	(311.18)
Victor Reinz India Private Limited	—	12088.77	—	—

The name of the Enterprises to whom the Company owes any sum which is outstanding at the year end Contd.:

(Amount in Rupees)

Name of the Party	Current Year		Previous Year	
	Interest Amount	Balance as on 31.03.2010	Interest Amount	Balance as on 31.03.2009
Kellys Engineering Works	—	638577.00	—	—
RAS Tek Private Limited	—	556457.33	—	—
Selevee Engineering Services	—	343219.80	—	—
Surtec Chemicals India Private Limited	—	154566.72	—	—
VAP Induction (India) Private Limited	—	10267.00	—	—
Star Circlip & Engg. Limited	—	123015.00	—	109064.00
Wrap India	—	67685.00	—	100323.00
Shri Balaji Industries	37.00	—	12291.59	5000.00
Atop Fasteners Private Limited	—	64573.00	30586.41	—
Special Washer India Private Limited	—	15301.00	—	—
Jain Industrial Products	—	280166.00	—	894374
TKW Fasteners Private Limited	—	86140.00	12039.56	42854
MRA Metals Private Limited	—	1462176.00	—	—
STJ Electronics Private Limited	—	1003.00	—	—
Yash Deep Automotive Industries	—	911454.00	—	—
HGI Automotives Private Limited	—	4541204.00	—	—
Krison Engg. Works	—	76184.00	—	—
Hind Hydraulics & Engineering	—	10582.00	—	—
A P Engineering Works	38.00	—	392.32	16640.00
Cenclub Systems	148.00	—	718.04	24632.00
Helical Springs	—	60224.00	25731.32	59099.00
B.S. Enterprises	910.00	—	21932.64	130483.00
Shiva Automat	—	200268.00	11661.50	161206.00
Fair Fabrico	—	43017.00	506.70	224914.00
Bando (India) Private Limited	—	—	10921.18	—
Saluja Tools (P) Limited	—	—	1497.59	—
Great Eastern Impex (P) Limited	—	—	743.20	—
Kundale Instruments (P) Limited	—	—	91.15	—
Jai Bharat Industries	—	—	1812.47	37035.00
Angelantoni Kasco Industries Private Limited	5122.85	49000.00	—	—
Ascent Engineering	7244.88	49800.00	—	—
Marshal Castings Limited	144.58	5092.00	—	—
Dyna Tech	485.82	—	—	—
Total	20937.43	35091406.25	179871.22	23671619.19

ii) The amount of interest accrued & remaining unpaid at the end of the financial year 2009-2010 is mentioned above as para (i).

iii) There is no any interest remaining due & payable for any of the earlier years.

11. Disclosure under Accounting Standard (AS)19 on leased assets and lease rent.

i) Minimum lease rent payments of Rs.4.86 Crores (Previous year Rs.7.27 Crores) has been recognized in the statement of Profit & Loss Account for the year ended 31st March, 2010.

ii) Total amount of future minimum lease rent payments under non-cancellable operating lease periods:

- Not later than one year Rs.0.39 Crore (Previous year Rs.1.85 Crores).
- Later than one year but not later than five year Rs.0.63 Crore (Previous year Rs.0.03 Crore).
- Lease tenure 42 to 72 months.

RICO AUTO INDUSTRIES LIMITED

12. Segment wise Revenue, Results and Capital Employed:

(Rs. in Crores)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Segment Revenue		
a) Domestic	997.66	904.91
b) Overseas		
– USA	100.16	106.13
– UK	31.54	39.26
Total Income from Operations	1129.36	1050.30
Less : Inter Segment Revenue (USA)	84.85	84.57
Less : Inter Segment Revenue (UK)	29.29	36.27
Net Income	1015.22	929.46
Segment Results (Profit before Tax & Interest from each Segment)		
a) Domestic	40.68	40.29
b) Overseas		
– USA	0.92	4.15
– UK	0.63	(0.68)
Total	42.23	43.76
Less : Interest Expense	40.94	46.47
Add/Less : Unallocable Expenditure/Income	0.00	0.00
Total Profit before Tax	1.29	(2.71)
Capital Employed (Segment Assets less Segment Liabilities)		
a) Domestic	773.01	715.71
b) Overseas		
– USA	8.05	7.95
– UK	0.99	0.47
c) Unallocated	0.00	0.00
Total Capital Employed in Segments	782.05	724.13

13. Deferred Tax Asset of Rs.0.23 Crore (Previous year Assets Rs.3.51 Crores) for the current year has been charged to current year's profit. Deferred Tax Liability is mainly on account of timing difference in depreciation and business loss. The component of Deferred Tax Liability are as under:

(Rs. in Crores)

Particulars	Current Year	Previous Year
Deferred Tax on Depreciation and Business Loss	10.96	3.25
Less: Tax Paid under MAT	0.32	2.01
Less: Deferred Tax Assets	9.36	3.50
Less: Gratuity payable & Leave Encashment	0.85	1.04
Less: Bonus	0.64	0.05
Less: Warranty Claims	(0.01)	(0.05)
Less: Loss on Sale of Fixed Assets	(0.02)	(0.00)
Less: Preliminary Expenses	0.02	0.02
Less: Exchange Difference on Fixed Assets	0.03	0.19
Deferred Tax Asset	(0.23)	(3.51)

14. Disclosure requirement in respect of Subsidiary/Joint Venture Companies have been disclosed to the extent available from their audited/unaudited accounts.
15. Grouping and heads of accounts of the Subsidiaries and the Joint Ventures have been re-arranged in terms of presentation of those of Parent Company wherever necessary.

CONSOLIDATED ADDITIONAL INFORMATION PURSUANT TO PARAGRAPHS 3 & 4 OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956

A. DETAILS OF CAPACITY AND PRODUCTION

CLASS OF GOODS	(Actual Production in Nos.)	
	Year ended March 31, 2010	Year ended March 31, 2009
AUTO PARTS	53811025	46750931
DIES & MOULDS	428	694
TRADING GOODS	96668	—
OTHERS	19188926	17552742

NOTE : It is not feasible to give Installed Capacity as these are numerous in volume having complex compositions.

B. PARTICULARS OF OPENING STOCK, SALES AND CLOSING STOCK OF FINISHED GOODS

CLASS OF GOODS	(Quantity in Nos. & Value Rs. in Crores)											
	OPENING STOCK				SALES				CLOSING STOCK			
	Current Year		Previous Year		Current Year		Previous Year		Current Year		Previous Year	
	QTY.	VALUE	QTY.	VALUE	QTY.	VALUE	QTY.	VALUE	QTY.	VALUE	QTY.	VALUE
AUTO PARTS	87678	0.95	228911	1.23	53536137	214.80	46892164	957.04	362566	3.42	87678	0.95
DIES & MOULDS	8	0.08	8	0.08	436	20.64	694	35.67	—	—	8	0.08
TELEMARKETING & DATA ENTRY	—	—	—	—	—	0.06	—	3.28	—	—	—	—
TRADING GOODS	—	—	—	—	67565	7.58	—	—	29103	2.34	—	—
OTHERS	62271	1.06	147822	0.30	19032832	25.31	17638293	16.02	218365	1.33	62271	1.06
JOB WORK	—	—	—	—	—	0.45	—	0.55	—	—	—	—

C. RAW MATERIAL, COMPONENTS, STORES AND SPARE PARTS CONSUMED

	(Quantity in Kgs. & Value Rs. in Crores)			
	Year ended March 31, 2010		Year ended March 31, 2009	
	Quantity	Value	Quantity	Value
ALUMINIUM ALLOY	15069321	140.35	12668973	137.40
PIG IRON & STEEL SCRAP	22162901	57.21	21930662	62.13
OTHER MATERIALS & COMPONENTS	—	449.86	—	389.83
STORES AND SPARE PARTS	—	65.79	—	56.45

RICO AUTO INDUSTRIES LIMITED

D. COMPOSITION OF IMPORTED AND INDIGENOUS RAW MATERIAL (INCLUDING COMPONENTS AND SPARES) CONSUMED AND PERCENTAGE OF EACH TO TOTAL CONSUMPTION

(Value Rs. in Crores)

	Year ended March 31, 2010		Year ended March 31, 2009	
	Value	Percentage to Total Consumption	Value	Percentage to Total Consumption
1. ALUMINIUM ALLOY				
Indigenous	122.41	87.22%	125.06	91.02%
Imported	17.94	12.78%	12.34	8.98%
2. PIG IRON & STEEL SCRAP				
Indigenous	57.21	100.00%	62.04	99.85%
Imported	—	—	0.09	0.15%
3. OTHER MATERIALS & COMPONENTS				
Indigenous	359.49	79.91%	349.84	89.74%
Imported	90.36	20.09%	40.00	10.26%
4. STORES & SPARE PARTS				
Indigenous	57.16	86.77%	52.13	92.34%
Imported	8.64	13.23%	4.32	7.66%

E. CIF VALUE OF IMPORTS

(Rs. in Crores)

	Year ended March 31, 2010	Year ended March 31, 2009
Capital Goods	41.82	45.56
Other Raw Materials and Components	92.47	53.42
Finished Goods	2.37	0.00
Trading Goods	7.71	0.00
Stores & Spares	8.96	4.01

F. EXPENDITURE IN FOREIGN CURRENCY

(Rs. in Crores)

	Year ended March 31, 2010	Year ended March 31, 2009
Connectivity & Link Charges	0.03	0.02
Bank Charges against Export	0.02	0.05
Travelling Expenses	0.58	1.43
Books & Periodicals	0.00	0.00
Professional Charges	0.37	1.08
Repair & Maintenance (Machinery)	0.02	0.24
Staff Recruitment & Training	—	0.01
Sales Promotion	—	—
Membership & Subscription	0.01	—
Advertisement & Publicity	—	—
Royalty	4.62	6.50
Foreign Personnel Deputation Expenses	1.37	1.54
Remittance in Foreign Currency on account of Dividend	2.96	8.69
Others	3.79	2.87

G. EARNING IN FOREIGN CURRENCY

	(Rs. in Crores)	
	Year ended March 31, 2010	Year ended March 31, 2009
F.O.B. Value of Export	132.95	128.03
Others	5.04	13.62

SIGNATURE TO SCHEDULE "1" TO "15"

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

For and on behalf of the Board of Directors

CA. Kawal Jain
Partner
Membership No. 089214

O.P.Aggarwal
Executive Director (Finance)

Chandra Mohan
Chairman
Arvind Kapur
Vice Chairman,CEO
& Managing Director
Arun Kapur
Jt. Managing Director

Place : Gurgaon
Dated : 28th May, 2010

B.M.Jhamb
Company Secretary

Anup Singh
Prof. Vinod Kumar Bhalla
Rakesh Kapur
Directors

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Year ended March 31, 2010 (Rs. in Crores)	Year ended March 31, 2009 (Rs. in Crores)
A. Cash Flow from Operating Activities		
Net Profit Before Tax and Extra Ordinary Items	1.29	(2.71)
Adjustments for:		
Depreciation	56.83	54.13
Loss on Sale of Assets	0.60	—
Provision for Fair Valuation of Forward Contracts/ Derivative Liabilities	2.80	(2.82)
Interest Paid	40.94	46.47
Profit on Sale of Assets	—	(0.05)
Miscellaneous Expenses Written off	—	1.19
	101.17	98.92
Operating Profit before Working Capital Changes	102.46	96.21
Adjustments for:		
Trade and other Receivables	(46.76)	(20.74)
Inventories	(10.08)	(9.91)
Trade Payable and Provisions	65.19	51.44
	8.34	20.79
Cash Generated from Operations	110.80	117.00
Income Tax Payment for the year	(6.85)	(11.79)
	(6.85)	(11.79)
Cash Flow before Extra Ordinary Items	103.95	105.21
Extra Ordinary Items	—	—
Net Cash from Operating Activities (A)	103.95	105.21
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(122.75)	(113.12)
Sale of Fixed Assets	1.88	0.49
Consolidation (Exchange Fluctuation Reserve)	5.81	8.66
	(115.06)	(103.97)
C. Cash Flow from Financing Activities		
Proceeds from Long Term Borrowings	132.33	97.45
Repayment of Long Term Borrowings	(65.97)	(53.30)
Proceeds from Short Term Borrowings (Net)	(15.88)	(29.87)
Interest Paid	(40.94)	(46.47)
Proceeds from Issue of Share Capital including Warrant	11.81	—
Dividend Paid – Equity Shares	(9.14)	(18.99)
	12.21	(51.18)
Net Cash from Financing Activities (C)	12.21	(51.18)
Extra Ordinary Items	—	—
Net Increase in Cash and Cash Equivalents	1.10	(49.94)
Cash and Cash Equivalents as at (Opening Balance)	13.03	62.97
Cash and Cash Equivalents as at (Closing Balance)	14.13	13.03

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010 (CONTD.)

Notes:

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

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

For and on behalf of the Board of Directors

CA. Kawal Jain
Partner
Membership No. 089214

O.P.Aggarwal
Executive Director (Finance)

Chandra Mohan
Chairman
Arvind Kapur
Vice Chairman, CEO
& Managing Director
Arun Kapur
Jt. Managing Director

Place : Gurgaon
Dated : 28th May, 2010

B.M.Jhamb
Company Secretary

Anup Singh
Prof. Vinod Kumar Bhalla
Rakesh Kapur
Directors

AUDITORS' CERTIFICATE

We have verified the above Consolidated Cash Flow Statement of Rico Auto Industries Limited derived from the Audited Consolidated Financial Statement for the year ended March 31, 2010 and found the same to be drawn in accordance therewith and also with the requirements of Clause 32 of the Listing Agreements with the Stock Exchanges.

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

Place : Gurgaon
Dated : 28th May, 2010

CA. KAWAL JAIN
PARTNER
Membership No.089214

RIKO AUTO INDUSTRIES LIMITED

Regd. Office : 69 KM Stone, Delhi-Jaipur Highway, Dharuhera, Distt. Rewari-122106 (Haryana)

ATTENDANCE SLIP

PLEASE COMPLETE THE ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

NAME AND ADDRESS OF THE SHAREHOLDER

DP. Id*	
Client Id*	
Folio No.	
No. of Shares held	

I hereby record my presence at the 27th Annual General Meeting of the Company held on Thursday, the 30th September, 2010 at 4.00 P.M. at 69 KM Stone, Delhi-Jaipur Highway, Dharuhera, Distt. Rewari-122106 (Haryana).

* Applicable for Shareholding in electronic form

** Strike out whichever is not applicable

SIGNATURE OF THE SHAREHOLDER/PROXY**

RIKO AUTO INDUSTRIES LIMITED

Regd. Office : 69 KM Stone, Delhi-Jaipur Highway, Dharuhera, Distt. Rewari-122106 (Haryana)

PROXY FORM

DP. Id*	
Client Id*	

Folio No.	
No. of Shares held	

I/We _____
of _____ being a member/members
of Rico Auto Industries Limited hereby appoint _____
of _____
or failing him _____
of _____

as my/our Proxy to attend and vote for me/us and on my/our behalf, at the 27th Annual General Meeting of the Company to be held on Thursday, the 30th September, 2010 at 4:00 P.M. and/or at any adjournment thereof.

Signature of the Shareholder(s)

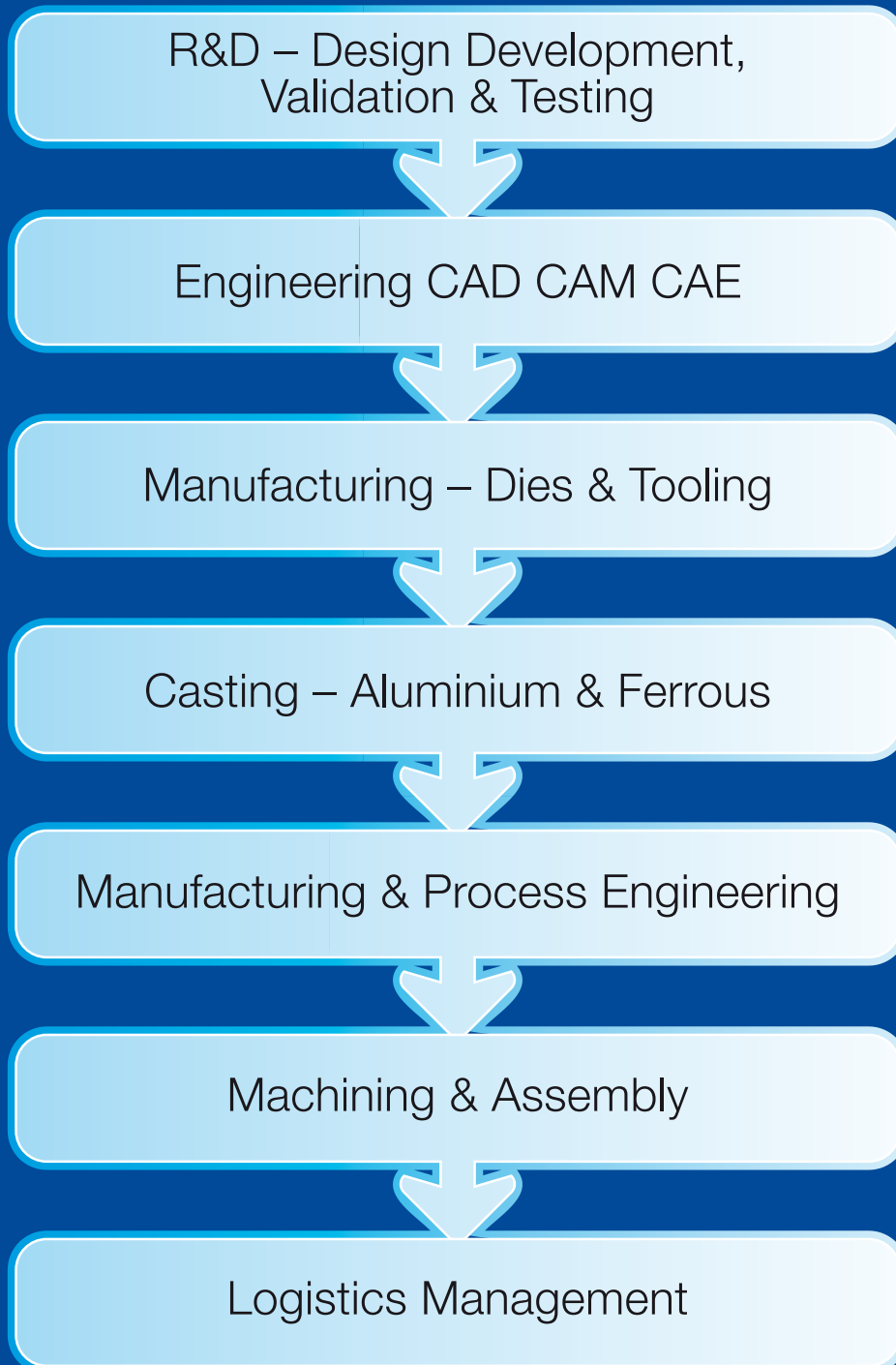
Signed _____ day of _____ 2010

*Applicable for Shareholding in electronic form

Affix
Fifteen Paise
Revenue
Stamp

Note : The Proxy Form must be deposited at the Registered Office of the Company not less than FORTY-EIGHT HOURS before the time for holding the meeting. The Proxy need not be a member of the Company.

Concept to Completion



Account & Program Management



Corporate Office & Gurgaon Plant

RICO AUTO INDUSTRIES LIMITED

38 KM Stone, Delhi - Jaipur Highway

Gurgaon - 122001 Haryana (INDIA)

Phone : +91 124 2824000

Fax : +91 124 2824200

e-mail : rico@ricoauto.com