

RAIL:SEC:2024

April 05, 2024

National Stock Exchange of India Limited
Exchange Plaza,
5th Floor, Plot No.C/1, G Block
Bandra-Kurla Complex, Bandra (E)
Mumbai - 400 051

Scrip Code - **RICOAUTO**

Sub: **Clarification on announcement submitted on 28th March, 2024**

Dear Sir,

Please refer to your email dated 3rd April, 2024 with respect to clarification on announcement submitted to Stock Exchanges on 28th March, 2024 regarding Scheme of Amalgamation of Rico Fluidtronics Limited with and into Rico Jinfei Wheels Limited, pursuant to Section 230 to 232 of the Companies Act, 2013.

Attached herewith the clarification on the items mentioned in your above mentioned Email.

Thanking you,

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

B.M. Jhamb
Company Secretary
FCS: 2446

Encl : As above

RICO RICO AUTO INDUSTRIES LIMITED

REGD. & CORP. OFFICE : 38 KM STONE, DELHI-JAIPUR HIGHWAY, GURUGRAM - 122001, HARYANA (INDIA)
EMAIL : rico@ricoauto.in WEBSITE : www.ricoauto.in TEL. : +91 124 2824000 FAX : +91 124 2824200
CIN : L34300HR1983PLC023187

April 05, 2024

Clarification points with respect to the Scheme of Amalgamation of M/s Rico Fluidtronics Limited (Transferor Company) into M/s Rico Jinfei Wheels Limited (Transferee Company)

Sr. No.	Query	Clarification
1.	Name of the entity (ies) forming part of the amalgamation/ merger, details in brief such as, size, turnover etc.	<p>(i) M/s. Rico Fluidtronics Limited (Transferor Company) a public unlisted company incorporated under the provisions of Companies Act, 1956, on March 14, 2008, bearing CIN U29110HR2008PLC037708, having its registered office situated at 38 KM Stone, Delhi-Jaipur Highway Village Khandsa, C/O Rico Auto Industries Limited, Gurgaon, Haryana, India, 122001. The turnover of the Company as on 31st March 2023 was Rs. 138.28 Crores. (Wholly Owned Subsidiary of Rico Auto Industries Limited- Listed Entity).</p> <p>(ii) M/s. Rico Jinfei Wheels Limited (Transferee Company) is a public unlisted company incorporated under the provisions of Companies Act, 1956, on July 16, 2007, bearing CIN U34200HR2007PLC037021, having its registered office situated at 38 K.M. Stone, Delhi Jaipur Highway, Village Khandsa, C/O Rico Auto Industries Limited, Gurgaon, Haryana, India, 122001. The turnover of the Company as on 31st March 2023 was Rs.302.81 Crores. (Subsidiary of Rico Auto Industries Limited- Listed Entity).</p> <p>(also referred to as “parties” or “said companies”)</p>
2.	Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arm's length"	<p>The Transferor and Transferee Company are unlisted companies and hence are only covered under the provisions of the Companies Act, 2013 and are related parties as per the provisions of Section 2(76) of the Companies Act, 2013. However, the transaction does not fall within the provisions of Section 188 of the Companies Act, 2013 and therefore it is not a related party transaction.</p> <p>However, the Companies have obtained the Valuation Report for the Share Exchange Ratio from an Independent Valuer and have also obtained the Opinion Report on the Share Exchange Ratio from a SEBI Registered Merchant Banker and therefore, the Scheme of Amalgamation is being done at an Arm's Length.</p> <p>Also, the Audit Committee of the Company i.e. Rico Auto Industries Limited (Listed Entity) in its meeting held on 28th March 2024 considered and recommended the proposed scheme of Amalgamation which was subsequently noted by the Board of Directors of the Company on the said date.</p>
3.	Area of business of the entity (ies)	<p>The Companies are engaged in the business of manufacture and sale of auto components to leading Auto Manufacturers (OEMs).</p>

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4.	Rationale for Amalgamation/ Merger	<p>The said Companies belong to the same group and are engaged in similar kind of businesses i.e., manufacturing auto components and accordingly, it is proposed to merge both the entities under the name of a single legal entity.</p> <p>Considering that the Transferee Company is a joint venture company and has a larger existing customer base, it is proposed to merge the Transferor Company with the Transferee Company for the following benefits:</p> <ol style="list-style-type: none">i. The amalgamation would result in a significant reduction in multiplicity of legal and regulatory compliances, multiple record-keeping and cost saving by way of reduction of overheads, administrative, managerial, and other expenditure.ii. The amalgamation will lead to synergies of operations and will help the merged entity in reaps the economies of scale, improving organizational capability to enable the entity to compete in an increasingly competitive industry.iii. Greater efficiency in management of the merged entity and deployment of funds for organic and inorganic growth opportunities, to maximize shareholder value.iv. The amalgamation would help in reviving the business operations and profits of the Transferee Company.
5.	In case of cash consideration amount or otherwise share entitlement/ exchange ratio	<p>Upon coming into effect of the Scheme, and in consideration for amalgamation of the Transferor Company with and into the Transferee Company, the Transferee Company shall, without any further act or deed and without any further payment, shall issue and allot its equity shares to equity shareholder of the Transferor Company i.e. to Rico Auto Industries Limited whose name is recorded in the register of members in the following proportion:</p> <p>5:3 (i.e., 5 equity shares in Rico Jinfei Wheels Limited (Transferee Company) for every 3 equity shares held in Rico Fluidtronics Limited (Transferor Company)</p> <p>For arriving at the share exchange ratio as outlined above, the Transferor Company and Transferee Company have considered the valuation report issued by a Registered Valuer and Fairness Opinion Report on the Share Exchange Ratio from a SEBI Registered Merchant Banker.</p>
6.	Brief details of change in shareholding pattern (if any) of listed entity.	<p>There is no change in the shareholding pattern of the Company i.e. Rico Auto Industries Limited (Listed Entity) post merger.</p>

For Rico Auto Industries Limited

B. M. Jhamb
Company Secretary