



28TH ANNUAL REPORT 2010-2011

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.



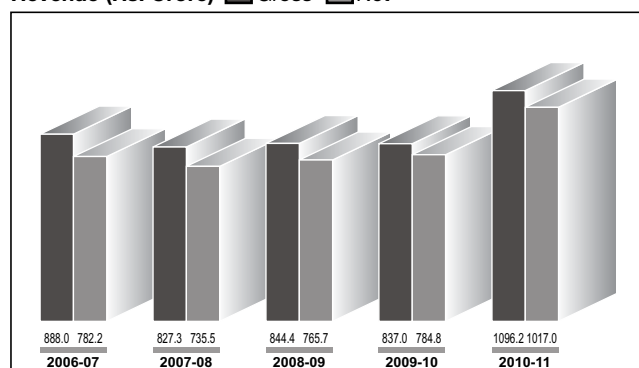
Financial Highlights

Stand Alone

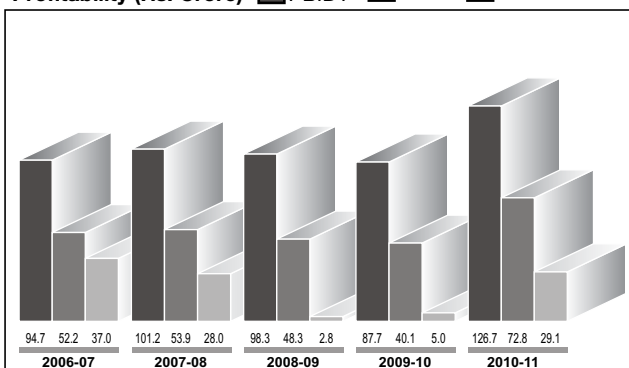
Particulars	(Rs in Crores)				
	2010-11	2009-10	2008-09	2007-08	2006-07
Gross Revenue	1096.2	837.0	844.4	827.3	888.0
Net Revenue	1017.0	784.8	765.7	735.5	782.2
PBIDT	126.7	87.7	98.3	101.2	94.7
Depreciation	53.9	47.6	50.0	47.3	42.5
PBIT	72.8	40.1	48.3	53.9	52.2
Interest	43.7	35.1	45.5	25.9	15.2
PBT	29.1	5.0	2.8	28.0	37.0
Fringe Benefit Tax	0.0	0.0	0.6	0.7	0.7
Income Tax	4.9	0.0	0.1	2.2	3.5
Deferred Tax	(0.9)	(1.1)	(2.6)	2.9	7.0
MAT Credit Receivable	(1.4)	0.0	0.0	0.0	0.0
PAT	26.5	6.1	4.7	22.2	25.8
Dividend (Including Tax)	3.1	2.3	2.2	8.8	10.7
Gross Fixed Assets (Incl. CWIP)	893.1	832.7	750.2	684.3	599.8
Net Fixed Assets (Incl. CWIP)	535.3	525.9	485.7	468.2	429.6
Net Current Assets	174.2	153.4	167.4	190.1	93.1
Equity Share Capital	13.5	12.9	12.6	12.6	12.6
Reserves & Surplus	306.1	272.2	260.1	256.9	243.4
Deferred Tax Liabilities	34.9	35.8	36.9	37.6	34.8
Loan Funds	453.5	419.6	370.3	372.6	237.8
Key Ratios (%)					
Operating Margin (PBIDT/Net Revenue)	12.5	11.2	12.8	13.8	12.1
ROCE (PBIT/Avg. Capital Employed)	9.4	5.6	7.1	8.9	11.5
RONW (PAT/Avg. Net Worth)	8.7	2.2	1.7	8.5	10.9
Dividend Payout Ratio	11.8	37.0	46.4	39.6	41.6
Per Share Data (Rs)					
EPS	2.0	0.5	0.4	1.8	2.1
Cash EPS	6.0	4.2	4.4	5.6	5.5
Book Value	23.6	22.3	21.7	21.5	20.4
Dividend (%)	20	15	15	60	75

Note: Profit of 2010-11 includes profit on sale/transfer of land. Previous year's (2009-10) figures have been regrouped/rearranged.

Revenue (Rs. Crore) ■ Gross ■ Net



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



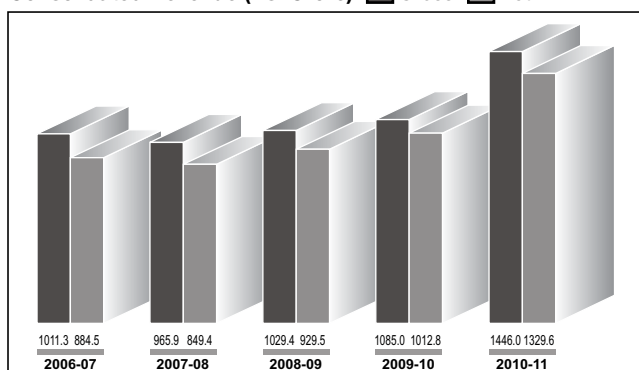
Financial Highlights

Consolidated Group

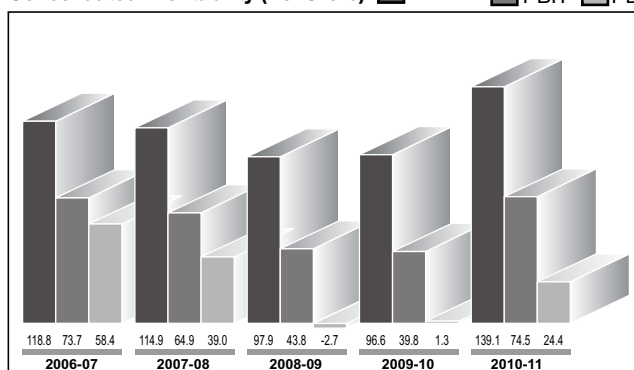
Particulars	(Rs in Crores)				
	2010-11	2009-10	2008-09	2007-08	2006-07
Gross Revenue	1446.0	1085.0	1029.4	965.9	1011.3
Net Revenue					
Rico Auto Industries Limited	1017.0	784.8	765.7	735.5	782.2
Rico Auto Industries Inc. USA	99.9	100.2	106.1	89.2	60.1
Rico Auto Industries (UK) Limited UK	50.1	31.5	39.6	9.2	1.8
FCC Rico Limited (50%)	315.6	236.6	180.5	158.2	140.1
Continental Rico Hydraulic Brakes India Pvt. Ltd.(50%)	5.4	6.7	1.4	0.0	0.0
Magna Rico Powertrain Private Limited (50%)	7.0	0.9	0.2	0.0	0.0
Rico Jinfei Wheels Limited (92.5%)	35.3	7.3	0.0	0.0	0.0
Uttarakhand Automotives Limited	0.0	0.0	0.0	0.0	0.0
Rasa Autocom Limited	0.0	0.0	0.0	0.0	0.0
RAA Autocom Limited	0.0	0.0	0.0	0.0	0.0
KRP Auto Industries Limited	0.0	0.0	0.0	0.0	0.0
Less: Inter Company Sales	(200.7)	(155.2)	(164.0)	(142.7)	(99.7)
Rico Group Consolidated	1329.6	1012.8	929.5	849.4	884.5
PBIDT	139.1	96.6	97.9	114.9	118.8
PBIT	74.5	39.8	43.8	64.9	73.7
PBT	24.4	1.3	(2.7)	39.0	58.4
PAT	13.3	(4.9)	(5.4)	23.4	37.8
Gross Fixed Assets (Incl. CWIP)	1069.9	955.9	841.4	725.3	621.7
Net Fixed Assets (Incl. CWIP)	676.4	623.6	560.2	496.2	440.7
Net Current Assets	154.6	158.4	164.0	219.2	119.7
Equity Share Capital	13.5	12.9	12.6	12.6	12.6
Reserves & Surplus	308.0	285.8	284.6	289.7	276.6
Deferred Tax Liabilities	34.3	35.7	35.9	37.6	35.0
Loan Funds	475.2	441.6	391.1	376.8	237.8
Key Ratios (%)					
Operating Margin (PBIDT/Net Revenue)	10.5	9.5	10.5	13.5	13.4
ROCE (PBIT/Avg. Capital Employed)	9.2	5.3	6.1	10.2	15.2
RONW (PAT/Avg. Net Worth)	4.2	(1.6)	(1.8)	7.9	14.2
EPS (Rs)	1.0	(0.4)	(0.4)	1.9	3.1

Note: Profit of 2010-11 includes profit on sale/transfer of land. Previous year's (2009-10) figures have been regrouped/rearranged.

Consolidated Revenue (Rs. Crore) ■ Gross ■ Net



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



From the MD's Desk

Dear fellow Shareholders,

At the outset, I wish to place on record that 2010-11 has been a year of satisfactory growth, coupled with challenges related with higher input cost and sustaining of margins.

With the global recession receding further, we have continued to register a steady increase in

sales - both in the domestic market and on the exports front. This augurs well for us, and we are hopeful of maintaining this trend in the coming years.

Even though there are major concerns in the Euro zone about the debt crisis lead stress in the financial sector and government's dependency on international bailout support, the overall European business climate has maintained stability. Despite the downgrade of US debt by major rating agencies and the weak economic numbers there is some sign of resilience. The infamous global slowdown of 2008-09, whose adverse and unavoidable effects were also strongly felt in India, is now thankfully behind us.

Since the Indian economy is driven largely by domestic demand, it has bounced back stronger and faster. In 2010-11, the national GDP growth rate touched 8.5% compared to 7.9% in the previous year. The agricultural sector and service sector provide the thrust needed to accelerate the GDP growth. This is even more creditable because such results were achieved in the face of continuing increase in oil and input prices worldwide, and the Reserve Bank's repeated hikes in interest rates to contain inflation and spiraling food inflation.

The automotive industry's performance is one of the major indicators of this revival. In 2010-11, the country's domestic auto sector sales touched



17.9 million units, a healthy 25% increase over the previous year. Individually, the passenger vehicles segment grew 29.8% and the two-wheelers category by 27%. Understandably, the impact of the growth surge was witnessed in demand for your Company's products leading to impressive revenue growth.

I am pleased to announce that during the year 2010-11, your Company's gross sales crossed the Rs.1000 crores mark for the first time. We achieved revenue of Rs.1096 crores, an increase of 31% over 2009-10. Domestic sales accounted for Rs.774 crores registering an increase of 26% over the previous year, and exports sales touched Rs.202 crores, notching up a growth of 37% over the corresponding period in the previous year. I would like to mention that the consolidated group revenue also increased to Rs.1446 crores in 2010-11 from Rs.1085 crores in the previous year.

Your Company was able to register a PBIDT margin of 12.5% on net revenue compared to 11.2% in the previous year, thus registering a modest improvement in margins. Your Company was able to maintain profitability margin despite inflationary trends in the economy. The Company earned a Profit after Tax (PAT) of Rs.26.51 crores (includes Non-operational Income of Rs.19.90 crores) for the financial year 2010-11. Our operational Profit after Tax (PAT) for the year was Rs.6.61 crores compared to Rs.6.07 crores in 2009-10, registering a modest growth of 8.9%.

During the year we were able to commission our new plants at Haridwar in Uttarakhand and Sanand in Gujarat, supplying to our two premier

customers, Hero MotoCorp Limited and Tata Motors Limited. Our sales to Hero MotoCorp Limited touched Rs.464 crores this year, a healthy 20% jump over the previous year. Company's other major customer Maruti Suzuki India Limited also reposed similar confidence and our sales grew to Rs.157 crores, up by 32%. Together, Rico and Rico Jinfei Wheels supplied products worth Rs.88 crores to Honda Motorcycle and Scooter India Private Limited (HMSI), a solid 136% higher than last year. Sales to Tata Cummins Limited (TCL) touched Rs.39 crores, an increase of 49% over previous year. All joint venture entities registered similar trends in revenues.

Your Company stands committed to continuing growth and expansion with profitability. Towards this, we are constantly seeking to induct new products that offer higher value, as well as exploring strategic technological tie-ups to keep pace with evolving trends and market demands, both in India and overseas. We are simultaneously focusing on enhancing our capacities and delivery capabilities so that we are seen as a reliable global player. Great emphasis is being laid on professionalism and continuous improvement.

I take this opportunity to thank all our valued customers, employees, associates, vendors, bankers and stakeholders for their excellent support to the Company throughout the year. We look forward to maintaining this fruitful relationship in the coming years.

Arvind Kapur
Vice Chairman,
CEO & Managing Director

In Conversation with the MD

What is your assessment of the Company's performance in 2010-11 and what challenges do you foresee in the next year?

In 2010-11, your Company witnessed encouraging growth in sales revenue. This was on the back of robust growth number rolled out by the automotive industry in both the domestic and global markets. During the year, Rico Auto's standalone sales crossed the Rs.1000 crores mark for the first time since its inception. The sales revenue touched Rs.1096 crores, registering a growth of 31% over last year's sales revenue of Rs.837 crores. As a consolidated group our gross revenue grew by 33% from Rs.1085 crores to Rs.1446 crores which is a significant milestone for the organization. Company's domestic sales registered an increase of 26% YOY while exports surged by 37% YOY, which is a noteworthy achievement.

On the profitability side we were able to achieve a PBIDT margin of 12.5% on net revenue compared to 11.2% in the previous year thus registering a modest improvement in margins. Your Company was able to maintain profitability margin despite inflationary trends in the economy. The Company earned a Profit after Tax (PAT) of Rs.26.51 crores (includes Non-operational Income of Rs.19.90 crores) for the financial year 2010-11. Our operational Profit after Tax (PAT) for the year was Rs.6.61 crores compared to Rs.6.07 crores in 2009-10, registering a modest growth of 8.9%.

The growth trajectory experienced during the year conveys the confidence that our customers have reposed in us and that your Company has come out stronger from the turbulent period of global economic recession of 2008 followed by labour unrest in 2009.

The overall economic outlook for 2011-12 remains optimistic and your Company will strive to further improve its performance. However, there are some macro economic concerns related with instability in the Euro zone and recessionary trends experienced in the US which may impact the automotive industry globally and may have a rippling effect on the Indian Automotive Industry. The economic scenario in India maintains a positive outlook in the medium to long term; however some factors like high energy and fuel prices, increasing interest cost and high inflation rate may temper the estimated growth rates for the automotive segment in the short term.

Our key customers Hero MotoCorp Limited, Honda Motorcycle and Scooter India Private Limited, Maruti Suzuki India Limited and Tata Cummins Limited have unveiled aggressive growth plans for the year 2011-12. We are confident to further grow our business with them on the back of new product introduction and increased share of business. We are happy to state that we were able to achieve gross turnover of Rs.286.9 crores in the first quarter of 2011-12 which represents a growth of 15% over the corresponding period of the previous



year. We did lose some business in the global market as a fall-out of the labour strike of 2009; however, management is making all efforts to reinstate customers' confidence.

The Company faces the primary challenge to maintain profitability in an inflationary environment where commodity prices, energy and financing costs are significantly higher than previous year. Your Company's focus in the coming year will be to maintain customer focus, improve our productivity and operational efficiency and reduce cost. There are a number of internal initiatives that have been undertaken at an organizational level to develop a 'high performance culture' and your management is confident that it will yield positive results in the coming years.

What is your Company's perspective on exports?

The export turnover of your Company during the period under review was Rs.202.3 crores as against Rs.147.8 crores in the previous year. The export turnover amounting to Rs.146.9 crores includes sale to our wholly owned subsidiaries in United Kingdom and United States of America, which provide last mile sales and customer support. This represents a 37% growth in export sales over the pervious year turnover of Rs.114.1 crores.

During the quarter ended 30th June, 2011 export turnover was Rs.41.7 crores as compared to Rs.55.0 crores in the corresponding quarter of the previous year. The decline witnessed in exports sales to the triads (USA, Europe and Japan) during the first quarter of the current financial year was mainly due to unprecedented occurrence of global events that affected the global markets. The impact of unfortunate natural calamity that

happened in Japan in early March, 2011 severely affected the Japanese economy and curtailed supplies of critical parts to most of the global automotive manufacturers. This resulted in an overall decline in vehicular production in the first quarter of the current financial year. Since then, we have witnessed a significant recovery in production numbers and expect the impact on a full year basis to be negligible. However, what may be seen as a greater concern is the on-going debt crisis in Europe, and the weak economic numbers coming out of USA. All efforts are underway to mitigate the risk associated with this economic crisis and maintain positive growth rate going forward.

Please tell us about the progress of your Joint Ventures.

FCC RICO Limited

FCC RICO recorded a gross turnover of Rs.702.9 crores for the financial year ended 31st March, 2011 as against Rs.512.2 crores in the previous year, representing a growth of 37%. The Board has recommended a dividend of 75% for the year ended 31st March, 2011. Your Company expects to receive an amount of Rs.2.96 crores by way of dividend on its investment.

Further, this Joint Venture has achieved a gross turnover of Rs.183.4 crores for the first quarter ended 30th June, 2011 as against Rs.155.8 crores in the corresponding quarter of the previous year representing an increase of 17.7%.

During the current year 2011-12, FCC RICO will start mass production of clutches for new models for Honda Motorcycle and Scooter India Private Limited, India Yamaha Motor Private Limited, Suzuki Motorcycle India Private Limited, TVS Motor Company Limited, Bajaj





Auto Limited and Piaggio Vehicles Private Limited, in two wheeler segment; in four wheeler segment for BRIO (2 CV) of Honda Sael Cars India Limited. This would further improve the turnover and profitability of the Company.

The Company's new plant at Tapukara, Rajasthan has commenced commercial production in the month of August, 2011, which will cater to Honda Motorcycle and Scooter India Private Limited for its plant at Tapukara.

Rico Jinfei Wheels Limited

Rico Jinfei recorded a gross turnover of Rs.42.4 crores during the financial year ended 31st March, 2011 as against Rs.8.6 crores in the previous year for supplies of alloy wheels for two wheelers during 2010-11. It is pertinent to mention that the Company has made significant advancement in the implementation of the Technology imported from our Joint Venture Partner and Technology Provider -Zhejiang Jinfei Machinery Group Co. Ltd., China for the manufacture of alloy wheels for two wheelers.

The Company is in negotiation with other two wheeler Manufacturers in India besides Honda Motorcycle and Scooter India Private Limited for procuring further business orders. During the period under review the Company has received one more order for manufacturing of alloy wheels from Honda Motorcycle and Scooter India Private Limited which is expected to be in production from November, 2011.

Further, this Joint Venture has achieved a gross turnover of Rs.13.5 crores for the first quarter ended 30th June, 2011 as against Rs.12.0 crores in the corresponding quarter of the previous year, an increase of 12%.

The prospects of growth are very good. This Joint Venture Company is poised strategically to expand its market.

Continental Rico Hydraulic Brakes India Private Limited

Continental Rico recorded a gross turnover of Rs.11.8 crores in the financial year ended 31st March, 2011 as against Rs.13.3 crores in the previous year for supplies to Fiat and Maruti Suzuki. It is expected that the supplies for Ford, India and Volkswagen - India & South Africa will start in the year 2011-12 and forecasts to achieve a turnover of Rs.60.0 crores. The Joint Venture possesses the best technology and global presence and is working aggressively on developing competitive solutions for the Indian & Global platforms.

Further this Joint Venture has achieved a gross turnover of Rs.6.7 crores for the first quarter ended 30th June, 2011 as against Rs.3.0 crores in the corresponding quarter of the previous year, an increase of 123%.

Magna Rico Powertrain Private Limited

Magna Rico recorded a gross turnover of Rs.15.4 crores in the financial year ended 31st March, 2011 as against Rs.1.7 crores in the previous year. In 2011-12 Magna Rico Joint Venture has started serial production for two Water Pumps programs for Suzuki Powertrain India and Renault-Nissan India. The Joint Venture has moved to a new facility in Manesar, Haryana and has consolidated the Manufacturing and Testing facilities at one place to support the future Business growth. The Joint Venture has won significant business from Volvo Trucks - Sweden for its global platform and expects to achieve its revenue target. The Joint Venture will launch multiple products for the domestic and global markets in 2011-12. The Company will have testing and validation facilities by the end of the year to support engineering localization.



Further, this Joint Venture has achieved a gross turnover of Rs.3.6 crores for the first quarter ended 30th June, 2011 as against Rs.1.5 crores in the corresponding quarter of the previous year, an increase of 140%.

Do tell us about new business acquired during the year and also the progress of new units and their operations.

Our existing customers continued to repose their faith in us with an approach to build a strategic relationship. Our business development team has been successful in sourcing new business from most of our current customer and also able to add prestigious global customers like Volvo Trucks - Sweden and Musashi Auto Parts India, which is part of Musashi Seimitsu Industries Corporation - Japan.

As part of our business growth plan we have started production at our new plants at Haridwar (Uttarakhand), Sanand (Gujarat) and Bawal (Haryana) which will enable us to support our current and future customers more efficiently. We have set plans in motion to set up manufacturing facilities at Pathredi Industrial Area, Bhiwadi (Rajasthan) to produce auto components and cater to the new automotive cluster that is emerging in this region. Further, we have progressed in our plans to establish our presence in South India by commencing civil work to establish a plant to manufacture auto components at SIPCOT Industrial Park at Oragadam, Chennai (Tamil Nadu).

Would you like to share some of the enterprise wide employee initiatives undertaken?

Our focus has been to improve the level of employee engagement through multiple enterprise wide initiatives to bring about a

'performance driven culture'. Initiatives have been launched in the areas of employee development and training, attracting and retaining talent and setting up employee friendly helpdesks at the shop floor level. The Company is undergoing organizational restructuring at all levels with the objective to enable it to face the future challenges. There has been extensive involvement of our employees to strengthen the core values of Excellence, Commitment, Integrity, Teamwork and Entrepreneurship - the pillars of our organizational identity.

How well is your Company addressing its Corporate Social Responsibility (CSR)?

Rico's CSR policy addresses continuous improvement and development in diverse areas: education, health, safety, civic amenities, vocational support and environment protection.

We are committed to helping communities improve their quality of life. Those living near our manufacturing plants are given special attention. We are providing facilities for such essentials like drinking water, primary & middle school education, drainage infrastructure, vocational training and much more. We conduct awareness campaigns related to many key issues like health, safety, and environment. We organize blood donation camps. We adopt schools and equip them with furniture, fixtures and study aids.

Our CSR goals are focused on not just helping improve living conditions, but also on working towards reducing unemployment by creating a pool of educated and trained people who may earn their livelihood with respect and self esteem, as righteous members of the society.



RICO

Our Core Values

Excellence

The power of being the best

Commitment

The power of responsibility, accountability and ownership

Integrity

The power of honesty and transparency

Teamwork

The power of working together

Entrepreneurship

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



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Team and Corporate Information

Board of Directors

Chandra Mohan
Chairman

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

Arvind Kapur
Vice Chairman, CEO & Managing Director

Senior Executives

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

Company Secretary

B M Jhamb

Auditors

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

Share Transfer Agent

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

Audit Committee

Anup Singh
Chairman

Prof. Vinod Kumar Bhalla
Amarjit Chopra
Satish Sekhri (w.e.f. 21-05-2011)

Shareholders' Grievance Committee

Anup Singh
Chairman

Prof. Vinod Kumar Bhalla
Amarjit Chopra
Rakesh Kapur

Bankers (in alphabetical order)

Axis Bank Limited
Citibank N A
DBS Bank Limited
Export Import Bank of India
HDFC Bank Limited
IDBI Bank Limited
IndusInd Bank Limited
Kotak Mahindra Bank Limited
Standard Chartered Bank
State Bank of India
State Bank of Hyderabad
State Bank of Patiala
The 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)

NOTICE

Notice is hereby given that the 28th ANNUAL GENERAL MEETING of the Members of RICO AUTO INDUSTRIES LIMITED will be held on Friday, the 30th day of September, 2011 at 12.00 Noon at the Registered Office of the Company at 69 KM Stone, Delhi-Jaipur Highway, Dharuhera, Distt. Rewari, Haryana to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2011 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, 2011.
3. To appoint a Director in place of Shri Kanwal Monga, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Amarjit Chopra, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors for the financial year 2011-12 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 A SPECIAL RESOLUTION

"Resolved that pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) and subject to the approval of the Central Government and other statutory approvals, the consent of the Company be and is hereby accorded to the payment of remuneration to Shri Arvind Kapur, Vice Chairman, CEO & Managing Director of the Company for remaining tenure of service w.e.f. 01/04/2012 to 16/12/2014 on the following terms and conditions:

1. Salary: (Rs./Month) – 8,00,000–2,00,000–12,00,000
2. Commission: Commission shall be paid over and above the total remuneration based on net profits of the Company in a particular year, which put together with salary and perquisites shall be subject to the overall ceiling specified in Section 198, 309 and Section I of Part II of Schedule XIII of the Companies Act, 1956.
3. Perquisites: To spend such sums not exceeding the amount of Basic Salary on the perquisites, which are classified into following three categories:

PART-A

- i) Housing:
 - a) The expenditure by the Company, on hiring furnished accommodation shall be subject to the following ceilings:
Sixty per cent of the Basic Salary, over and above ten per cent payable by him.
 - b) If the Company does not provide accommodation, he shall be entitled to House Rent Allowance subject to the ceiling laid down in (a) above.
Explanation: The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten per cent of the Salary.
- ii) Medical Expenses: Reimbursement of expenses incurred for self and family in accordance with the rules of the Company for the time being in force and as amended from time to time.
- iii) Leave Travel Concession: Leave travel concession for self and family once in a year incurred in accordance with the rules of the Company.
- iv) Club Fees: Fees of clubs subject to a maximum of two clubs.
- v) Personal Accident Insurance: Personal Accident Insurance of an amount, the annual premium of which shall not exceed Rs.10,000/-.

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

PART-B

- i) Contribution to Provident Fund and Superannuation Fund or Annuity Fund to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961.
- ii) Gratuity, if payable under the Company's Rules shall not exceed half a month's salary for each completed year of service.
- iii) Earned Leave and its Encashment: On full pay and allowances as per the rules of the Company, but not exceeding one month's leave for every eleven months of service.

PART-C

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

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

Pursuant to Sub-paragraph C of Section II of Part II of the Schedule XIII and other applicable provisions of the Act, if

any, and subject to such approvals as may be necessary, wherein, in any financial year during the tenure of his service, the Company has no profits or its profits are inadequate, the Company may pay to Shri Arvind Kapur, Vice Chairman, CEO & Managing Director remuneration by way of salary, perquisites and other benefits as mentioned above as minimum remuneration or such other limits as may be approved by the Government from time to time in this regard.

By Order of the Board
for Rico Auto Industries Limited

Place : Gurgaon
Dated : 11th August, 2011

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 24/09/2011 to 30/09/2011 (both days inclusive).
3. Dividend to Shareholders as recommended by the Board of Directors for the year ended 31st March, 2011, 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 23rd September, 2011; 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 23rd September, 2011.

The Company will dispatch the dividend warrants on or after 7th October, 2011 onwards.
4. Members are requested to notify change in their address.
5. Members are requested to intimate their queries, if any, on the Annual Report so as to reach at least seven days before the date of the meeting to enable replies at the Annual General Meeting.
6. Members holding shares in physical form, who have not yet forwarded details either of their Bank Account or National Electronic Clearing Service (NECS) mandates are requested to furnish the same to the Company.
7. Members holding shares in dematerialized mode are requested to intimate all changes with respect to their Bank details, NECS mandates, nomination, change of address to their Depository Participant (DP).
8. a) The amount of unclaimed dividend for and upto the financial year ended 31st March, 1994 has already been

transferred to the General Revenue Account of the Central Government. Shareholders who have so far not claimed dividend upto the aforesaid financial year may claim their dividend from the Registrar of Companies, NCT of Delhi and Haryana by submitting an application in the prescribed form.

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

The amount of unpaid or unclaimed dividend relating to the financial year ended 31st March, 1995 to 31st March, 2003 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.
- c) Clause 5A of Listing Agreement has been amended by SEBI. Pursuant to this amendment, it has become mandatory for Companies to transfer unclaimed shares issued in physical form to Unclaimed Suspense Account after sending three reminders to those shareholders whose shares are lying unclaimed. The Company has already sent one reminder to those shareholders. The Unclaimed Suspense Account will be opened only after completing the whole process as stipulated.
10. Members must quote their Folio No./DP ID No. and contact details such as e-mail ID, 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 Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by Companies and has issued circulars on

21st April, 2011 and 29th April, 2011 stating that the service of document by a Company can be made through electronic mode. Pursuant to this circular, Members are requested to provide their e-mail IDs to the Company or to RTA or their Depository Participant, as the case may be, for serving of documents by electronic mode.

14. The information as required by the Clause 49 of the Listing Agreement regarding re-appointment of Directors is given below:

Item No. 3

Shri Kanwal Monga

Shri Kanwal Monga, born on 09/03/1945 was appointed as Director by the Board of Directors on 18th September, 2001. He is B.Sc. and has vast experience of 46 years as Advisor to the domestic as well as to the international renowned Companies. He is holding Directorship in the following Companies:

1. Monga Holdings Private Limited
2. M & M Estates Private Limited
3. Virgo Marketing Private Limited
4. Virgo Consultants Private Limited
5. Telecom Finance India Limited
6. C & C Constructions Limited
7. Deloro Stellite India Private Limited
8. Virgo Consultants & Marketing Private Limited
9. Newgen Communications Private Limited

He is member of the following Committees:

1. Rico Auto Industries Limited
 - i) Remuneration Committee — Member
 - ii) Finance Committee — Member

He does not hold any Equity Shares of the Company.

Item No. 4

Shri Amarjit Chopra

Shri Amarjit Chopra, born on 27/06/1952 was appointed as Director by the Board of Directors on 18th September, 2001. He is M.Com. and a fellow member of the Institute of Chartered Accountants of India (ICAI) and has vast experience of 36 years in the field of Accounting, Auditing, Taxation, Corporate Laws, Banking and Finance. He has been a member of the Central Council of ICAI for the last fourteen years and is presently the Chairman of the Accounting Standards Board of ICAI. He has served as the Vice President (2009-10) and the President (2010-11) of the ICAI. He is holding Directorship in the following Companies:

1. Roop Automotives Limited
2. Garden Reach Ship Builders & Engineers Limited
3. Extensible Business Reporting Language (XBRL) India Limited
4. GSA & Associates, C.A. (Formerly known as Surendar K. Jain & Company)

He is member of the following Committees:

1. Rico Auto Industries Limited
 - i) Audit Committee — Member
 - ii) Remuneration Committee — Member
 - iii) Shareholders Grievance Committee — Member
2. Garden Reach Shipbuilders & Engineers Limited
 - i) Audit Committee — Chairman
 - ii) Remuneration Committee — Member

3. Roop Automotives Limited
 - i) Audit Committee — Member

He does not hold any Equity Shares of the Company.

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

Item No. 6

Due to unforeseen severe economic slowdown and unprecedented downturn in the global economy. Business and consumer sentiments across the globe were severely affected. The severe volatility in the forex markets has also adversely impacted the financial performance of the Company. Consequently, there has been inadequate profits since financial year 2008-09. As a result the remuneration being paid and proposed to Shri Arvind Kapur exceeds the limits laid down under Schedule XIII to the Companies Act, 1956. Therefore, the Company seek the shareholders approval by way of Special Resolution for the payment of proposed remuneration as stated in the Special Resolution at Item No.6 which is subject to the approval of the Central Government.

Shri Arvind Kapur is the Managing Director of the Company since December, 1984. The present terms of payment of remuneration and appointment of Shri Arvind Kapur, Vice Chairman, CEO & Managing Director as approved by the Shareholders in their meeting held on 30th September, 2009 and by the Central Government vide its letter dated 5th August, 2011 will expire on 31st March, 2012 and 16th December, 2014 respectively. For the sake of efficient running of the Company the services of Shri Arvind Kapur, Vice Chairman, CEO & Managing Director should be available to the Company and considering the increase in responsibilities being shouldered by the Managing Director in the context of increased volume of business of the Company, your Board of Directors felt it appropriate subject to shareholders approval to pay Shri Arvind Kapur, Vice Chairman, CEO & Managing Director remuneration as detailed in the resolutions, which commensurate with the responsibilities undertaken by him. The remuneration payable to him is for the remaining tenure of his services from 01/04/2012 to 16/12/2014. The Remuneration Committee has approved the proposed remuneration payable to him which is subject to your approval and approval of the Central Government.

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

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

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

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

I. GENERAL INFORMATION

1. Nature of the Industry

The Company is a part of Indian Auto Components Manufacturing Industry and is engaged in the business of manufacturing high precision fully machined aluminium

and ferrous components and assemblies for Original Equipment Manufacturers (OEMs) across the globe.

2. Date of Commercial Production

Commercial production has already commenced.

3. Financial Performance

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

(Rs. in Crores)

Financial Parameters	Year Ended 31/03/07	Year Ended 31/03/08	Year Ended 31/03/09	Year Ended 31/03/10	Year Ended 31/03/11
Turnover	888.00	827.30	844.40	837.03	1096.19
Net Profit (As computed under Sec.198)	41.34	31.36	4.31	0.55	12.07
Net Profit as per Profit & Loss Account	25.84	22.25	4.75	6.07	26.51
Amount of dividend paid including tax	10.74	8.80	2.20	2.25	3.15 (Proposed)
Rate of dividend declared	75% (Paise Seventy five per share)	60% (Paise Sixty per share)	15% (Paise Fifteen per share)	15% (Paise Fifteen per share)	20% (Paise Twenty per share) (Proposed)

4. Financial Performance based on given indicators

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

5. Export performance and net Foreign Exchange Collaborations

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

Financial Year Ended	Amount (Rs. in Crores)
31 st March, 2007	— 119.09
31 st March, 2008	— 142.94
31 st March, 2009	— 141.65
31 st March, 2010	— 137.29
31 st March, 2011	— 193.97

6. Foreign Investment or Collaborators, if any

Holding of FIIs/NRIs in the Company as on 30th June, 2011 is 1.92%. The Company has no foreign collaboration as on date. The Company has two Foreign Wholly Owned Subsidiaries namely:

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

II. INFORMATION ABOUT THE APPOINTEE

1. Background Details

Shri Arvind Kapur born on 5th July, 1950 is a Science Graduate from St. Stephen's College, University of Delhi

and done President Management Program from Harvard Business School, USA. He is the co-promoter of the Company and is presently the Vice Chairman, CEO & Managing Director of the Company.

Shri Arvind Kapur has an enriched and vast experience of more than three decades in the industry to his credit and has been instrumental in bringing your Company to its present state. Turnover has increased to Rs.1096.19 crores from Rs.0.87 crore in 1986.

2. Past Remuneration

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

Financial Year Ended	Amount (Rs. in Crores)
31 st March, 2007	— 2.07
31 st March, 2008	— 1.57
31 st March, 2009	— 0.78
31 st March, 2010	— 1.27
31 st March, 2011	— 1.27

3. Recognition and Awards

He is also Director of the following Companies:

- FCC RICO Limited
- Unitech Machines Limited
- Rico Auto Industries Inc., USA
- Rico Auto Industries (UK) Limited, U.K.
- S. T. Limited
- Rico Jinfei Wheels Limited
- Kapsons Associates Investments Private Limited
- Higain Investments Private Limited
- KDB Investments Private Limited
- Magpie Properties Private Limited
- Haridwar Estates Private Limited
- Octan Media Limited
- Continental Rico Hydraulic Brakes India Private Limited
- RAASAA Retail Private Limited
- ASN Properties Private Limited

He is member of the following Organisations/Concerns:

- Automotive Components Manufacturers Association of India (ACMA) — Vice President
- Policy and Planning Group (Society) — Member
- CII (Northern Region) — Vice Chairman
MSME
Sub-Committee
Northern Region

He is member of the Committees of following Companies:

- Rico Auto Industries Limited
 - Share Transfer Committee — Chairman
 - Finance Committee — Chairman
 - Investment Committee — Member

2. Unitech Machines Limited
 - i) Remuneration Committee — Member
3. S.T. Limited
 - i) Audit Committee — Member

4. Job Profile & Suitability

Shri Arvind Kapur, Vice Chairman, CEO & Managing Director is vested with substantial powers of the Company under the superintendence, control and directions of the Board of Directors. His planning, vision, strategies and long term development activities under his leadership, your Company has reached to its present position. Your Company has plants at Dharuhera, Gurgaon, Haridwar and Sanand both Aluminium High Pressure Die Casting (HPDC) and the Ferrous Foundry. The other projects are in pipe line. Four Joint Ventures have been entered into by the Company. By all these expansion plans, the Company is expected to register a growth in the years to come. He is devoting his full time in managing the business of the Company. Therefore, he is best suitable for the job.

5. Remuneration proposed

As set out in the proposed Special Resolution at Item No.6.

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

The remuneration proposed to be paid to the Appointee is in line with the remuneration paid to the Managing Director of the well known Companies in the Industry, at present the Company is having four working plants at Dharuhera, Gurgaon, Haridwar and Sanand. Besides this, he is also looking after our four Joint Venture Companies and seven Subsidiary Companies.

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

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

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

III. OTHER INFORMATION

1. Reasons of Loss or Inadequate Profits

The Company since the financial year 2008-09 could not earn the profits as was earning in the past. The financial performance of the Company was impacted due to the global economic slowdown, increase in interest rate, the severe volatility in the forex markets and increase in input cost. Due to these main reasons profits earned are inadequate.

2. Steps taken or proposed to be taken for improvement

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

3. Expected increase in Productivity and Profits in Measurable Terms

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

4. Disclosures

The requisite disclosures of remuneration package etc. have been mentioned in the Special Resolution at Item No.6 and in the Corporate Governance Report which forms part of this Report.

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

Place : Gurgaon
Dated : 11th August, 2011

B.M. Jhamb
Company Secretary

DIRECTORS' REPORT

To the Shareholders,

Your Directors have pleasure in presenting the 28th Annual Report of your Company, together with the Audited Accounts for the year ended 31st March, 2011.

FINANCIAL RESULTS

(Rs. in Crores)		
	Current Year 31/03/2011	Previous Year 31/03/2010
Gross Sales and other Income	1096.19	837.03
Net Sales and other Income	1016.98	784.82
Profit before Interest & Depreciation	126.65	87.74
Less : Interest & Financial charges	43.65	35.14
Profit before Depreciation and Tax	83.00	52.60
Depreciation	53.94	47.62
MAT Credit Receivable	(1.45)	—
Provision for Income Tax	4.87	0.04
Provision for Deferred Tax	(0.87)	(1.13)
Net Profit	26.51	6.07
Appropriations:		
Proposed Dividend on Equity Shares @20%	2.71	—
Dividend on Equity Shares @15%	—	1.93
Corporate Dividend Tax	0.44	0.32
Transferred to General Reserve	2.00	0.38
Balance carried to Balance Sheet	21.36	3.44
	26.51	6.07

Your Company has recorded a turnover of Rs.1096.19 crores in the year under report as against Rs.837.03 crores in the previous year. Your Company has earned a Profit after Tax (PAT) of Rs.26.51 crores which includes amount of Rs.10.61 crores and Rs.9.29 crores being the profit on transfer of leasehold rights/interests of the Company in the immovable properties at Ambarnath, Mumbai and Bommasandra, Bangalore respectively over the previous year's PAT of Rs.6.07 crores.

OUTLOOK FOR CURRENT YEAR

The Unaudited Financial Results for the quarter ended 30th June, 2011, already announced, show a turnover of Rs.286.95 crores for the first quarter of the current year against a turnover of Rs.248.93 crores of the corresponding quarter of the previous year, an increase in turnover by 15.27 per cent. Your Directors are taking steps to improve the turnover and margin during the remaining part of the year despite the recessionary trends in the economy.

RESERVES

The reserves of your Company after proposed appropriations shall stand at Rs.306.12 crores (including premium of Rs.10.61 crores received on conversion of warrants into equity shares) as

against Rs.272.15 crores (including premium of Rs.5.40 crores received on conversion of warrants into equity shares) in the previous year.

EXPORT

The export turnover of your Company during the period under review was Rs.202.30 crores as against Rs.147.84 crores in the previous year. The export turnover includes sale to wholly owned subsidiaries amounting to Rs.146.86 crores as against Rs.114.14 crores in the previous year. Our wholly owned subsidiaries in United Kingdom and United States of America provide last mile sales and customer support.

During the quarter ended 30th June, 2011 of current year export turnover was Rs.41.67 crores as against Rs.55.00 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 @20 per cent i.e. Re.0.20 per Equity Share of Re.1/- each for the financial year 2010-11, amounting to Rs.3.15 crores including dividend tax of Rs.0.44 crore on the enhanced Equity Share Capital of Rs.13.53 crores as against a dividend of 15 per cent i.e. Re.0.15 per Equity Share of Re.1/- each aggregating to Rs.2.25 crores including dividend tax of Rs.0.32 crore in the previous year on the Equity Share Capital of Rs.12.89 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 remaining 64,30,000 warrants out of the aforesaid 97,00,000 warrants, have been converted by way of second and final tranche into 64,30,000 Equity Shares of Re.1/- each at a premium of Rs.16.50 per share after receipt of balance amount aggregating to Rs.8.42 crores. The amount collected has been utilized for the purpose it was raised. The Paid-up Equity Share Capital has increased to Rs.13.53 crores from Rs.12.89 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 AND FACILITIES

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

A. Sanand Plant

This plant has commenced commercial production in the last quarter of financial year under report and caters to the needs

of current requirements of Tata Motors Limited for its Nano Car Plant at Sanand, Ahmedabad in the state of Gujarat. Strategically located, this plant will provide a very good launch pad to supply components to the customers like Ford India, Maruti Suzuki and Peugeot who are firming up plans to set up their manufacturing facilities in the region.

B. Chennai Plant

The civil work to establish a Plant to manufacture Auto Components is in progress at Oragadam, Chennai on the land allotted by SIPCOT Industrial Growth Centre in the state of Tamil Nadu to cater to the customers in South India and export.

C. Haridwar Plant

This Plant is in full operation and has commenced supplies of components to Hero MotoCorp Limited's plant located in the region. Your Company is exploring the possibilities to further enhance capacity to cater to the growing demand for its products.

D. Bawal Plant

The Company had set up a plant in HSIIDC, Phase II, Bawal (Haryana) during the year under report to produce High Pressure Die Casting and Gravity Die Casting and fully machined components for its expanding customer base. It has already started commercial production in the current year and will witness growth in its revenues. Further, there is plan to set up High Tonnage High Pressure Die Casting and machining facility for Auto Components which will achieve start of production in the next financial year. The civil construction activity has already commenced.

E. Bhiwadi Plant

Site development work is in progress for setting up an Auto Components Manufacturing Plant at Industrial Area, Pathredi, Bhiwadi, Distt. Alwar (Rajasthan).

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.99.94 crores during the financial year ended 31st March, 2011 as against Rs.100.16 crores in the previous year, a marginal decrease of 0.21 per cent. The Company earned a net profit of Rs.1.08 crores as against Rs.0.20 crore in the previous year thus experiencing expanding margins. This Company has not declared any dividend for the financial year ended 31st March, 2011.

This Subsidiary has achieved a turnover of Rs.23.27 crores for the first quarter ended 30th June, 2011 as against Rs.22.87 crores in the corresponding quarter of the previous year, an increase of 1.75 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.50.10 crores during the financial year ended 31st March, 2011 as against Rs.31.54 crores in the previous year. The Company earned a net profit of Rs.1.27 crores as against Rs.0.52 crore in the previous year. This Company has not declared any dividend for the financial year ended 31st March, 2011.

This Subsidiary has achieved a turnover of Rs.10.42 crores for the first quarter ended 30th June, 2011 as against Rs.13.08 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

During the year under review, this Company has not started any manufacturing activities. The Company has earned an interest income of Rs.0.46 lac on the fixed deposit with Banks and incurred expenses of Rs.5.23 lacs towards administrative and other operating expenses. The Company sustained a net loss of Rs.4.97 lacs during the year under report. A loan of Rs.19.47 crores has been given to this Company as on 30th June, 2011. The Company has commenced manufacturing of auto components and recorded a turnover of Rs.1.17 crores during the first quarter of financial year 2011-12.

D. Uttarakhand Automotives Limited

During the year under review, this Company has not started any manufacturing activities. The Company has incurred expenses of Rs.2.05 crores towards administrative and other operating expenses. The Company sustained a net loss of Rs.2.05 crores during the year under report. A loan of Rs.15.91 crores has been given to this Company as on 30th June, 2011 towards the cost of land.

E. RAA Autocom Limited

During the year under review, this Company has not started any manufacturing activities. The Company has incurred expenses of Rs.0.59 crore towards administrative and other operating expenses. The Company suffered a net loss of Rs.0.59 crore during the year under report. A loan of Rs.5.92 crores has been given to this Company as on 30th June, 2011.

F. AAN Engineering Industries Limited

Your Company took over Rupak Automotive Industries Limited by acquiring its entire paid-up equity capital of Rs.5.00 lacs on 8th April, 2011 as a consequence it became our wholly owned subsidiary Company. It was renamed as AAN Engineering Industries Limited. This Company has taken new initiatives to set up a State of the art unit for manufacturing for the Aerospace, Defence, Railways and Security Equipments at Gurgaon, in the premises taken on lease from us.

SUBSIDIARY & JOINT VENTURE COMPANIES

A. Rico Jinfei Wheels Limited

The Company earned a total revenue of Rs.42.40 crores during the financial year ended 31st March, 2011 as against Rs.8.65 crores in the previous year. This Company has incurred a loss of Rs.5.53 crores in the financial year ended 31st March, 2011 as against PAT of Rs.0.05 crore in the previous year.

Your Company has invested Rs.9.25 crores in the Equity Share Capital and given a loan of Rs.42.36 crores as on 30th June, 2011.

B. KRP Auto Industries Limited

During the year under review, the Company has acquired the Leasehold Rights in the Industrial Plot measuring about 89937 sq. mtrs. situated at Plot No. 283, Bommasandra-Jigani Link Road Industrial Area, Bangalore from our Company and has allotted 4,70,930 Equity shares of Rs.100/- each at a premium of Rs.330/- to the Company, towards the agreed consideration of Rs.20.25 crores. After the allotment of these shares, our Company holds 99.95 per cent in the paid-up equity share capital in this Joint Venture Company. The Joint Venture Company has taken initiatives to set up the industrial project in the above said industrial plot for the manufacture of auto components. It is expected that the manufacturing activities will start in the third quarter of the current fiscal.

During the period under review, the Company has earned an income of Rs.0.89 lac from trading activities. The Company has incurred a net loss of Rs.4.27 lacs during the financial year 2010-11.

JOINT VENTURE COMPANIES

A. FCC Rico Limited

FCC Rico recorded a turnover of Rs.702.93 crores for the financial year ended 31st March, 2011 as against Rs.512.17 crores in the previous year, a growth of 37 per cent. The Board of this Company has recommended a dividend of 75 per cent for the year ended 31st March, 2011. Your Company expects to receive an amount of Rs.2.96 crores by way of dividend on its investment.

B. Continental Rico Hydraulic Brakes India Private Limited

Continental Rico recorded a turnover of Rs.11.78 crores in the financial year ended 31st March, 2011 as against Rs.13.24 crores in the previous year. Your Company has so far invested Rs.55.00 crores in the Equity Share Capital as on 30th June, 2011.

C. Magna Rico Powertrain Private Limited

Magna Rico recorded a turnover of Rs.15.42 crores in the financial year ended 31st March, 2011 as against Rs.1.74 crores in the previous year. Your Company has so far invested Rs.16.12 crores in the Equity Share Capital as on 30th June, 2011.

FINANCIAL STATEMENTS

Pursuant to the Listing Agreements, the appended Audited Consolidated Financial Statements of the Subsidiaries and the Joint Venture Companies, in accordance with Accounting

Standards issued by the Institute of Chartered Accountants of India form a part of the Annual Report.

In terms of Circular issued by the Ministry of Corporate Affairs, general exemption has been granted from the provisions of Section 212 of the Companies Act, 1956 to Companies in relation to attaching accounts and other documents pertaining to its subsidiaries subject to fulfillment of the conditions mentioned in the circular. The Board of Directors have, vide their resolution passed on 21st May, 2011, consented not to attach the accounts and other documents pertaining to Company's Subsidiaries. The Company will make available these documents upon request by any member of the Company interested in obtaining the same. However, as directed by the Central Government, the financial data of the subsidiaries have been disclosed elsewhere forming part of the Annual Report.

FIXED DEPOSITS

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (MDA)

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

CORPORATE GOVERNANCE

A separate report on Corporate Governance 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, 2011 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, 2011 and of the profit for the year 1st April, 2010 to 31st March, 2011;
- 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, 2011 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 2011-12.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of your Company, Shri Kanwal Monga and Shri Amarjit Chopra, Directors will retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

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. 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 : 11th August, 2011

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, 2011.

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) using natural gas as a fuel for aluminum melting in die casting division in place of furnace oil.
- ii) Installation of UPS for further identified critical load application.
- iii) Reduce energy consumption through:
 - Improvement in efficiency of process fans/motors by installing VFD (Variable Frequency Drives).
 - Introduction of Energy Efficient Pumps.
 - Energy Efficient dryers with Air Compressors.
 - Recycling of ETP/STP treated water for use in process.
 - Continuous addition of Roof Top Turbo Ventilators in Shop Floor.

- b) Additional Investment and Proposals for reduction of consumption of energy:
- Installation of cost efficient power plant based on Natural Gas fuel.
 - More and more power purchase through open access to reduce costs.
 - Replacement of LPG/Diesel by Natural Gas in core shop, hot water generator, paint shop and various pre-heating process.
 - Use of solar energy for office and street lighting.
- c) Impact of the above Measure:
With the implementation of the various energy conservation measures, the energy cost is expected to be reduced and consequently will result in cost saving.
- d) Total Energy Consumption and Energy Consumption per unit of production:
Being not applicable to auto components sector, the Form A is not furnished.

B. TECHNOLOGY ABSORPTION

- e) Efforts made in technology absorption as per Form B:
The details in this regard are set out in Form B attached hereto.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- f) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans are mentioned below:
- Activities relating to exports: Year 2010-11 saw a significant growth trend for all quarters in export to North America, Europe and Asia. Export sales increased from Rs.147.84 crores to Rs.202.30 crores registering a 36.7% growth. New programmes with customers were launched during this period while the programmes which were launched in the previous years saw a ramp up in volumes. The ramp up was relatively significant and the market demand overcame the recessionary trends experienced in 2008 and 2009. In the first quarter of the current financial year, the global markets have shown stability and growth. The Company has already achieved Rs.41.67 crores of export turnover during the first quarter of the financial year 2011-12.
 - 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 keen intent to engage with Rico as their preferred supplier and work as a long term strategic partner. This intent is based on the demonstrated ability to supply superior quality critical and complex parts at most competitive prices and manage an extended supply chain to deliver just in time. Currently RICO is focusing on three pronged strategy (a) New parts with existing customers in new geographies; (b) Increase in share of business wherever there is a scope; and (c) Target new customers and products.
 - Development of new export markets, products and services: We feel that there has been recovery in the automotive industry since the recessionary period of 2008 and 2009. Due to the continuous cost and capacity pressure in the North American and European markets, there will be new opportunities that will emerge. The teams are working diligent towards exploring new business opportunities with customers in all major territories.
Your Company is also exploring the opportunities to make inroads in the non automotive business segments.
 - 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 planned for the current year.
- g) Total foreign exchange used and earned:

Particulars	(Rs. in Crores)	
	2010-2011	2009-2010
i) CIF value of imports	49.00	69.22
ii) Expenditure in foreign currency	6.05	3.06
iii) Foreign Exchange earned	193.97	137.29

FORM – B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

A. RESEARCH & DEVELOPMENT (R&D)

- Specific areas in which R&D carried out by the Company:
 - Exploring the Aerospace, Defence and Railway sectors for new development: R&D team took the initiative in exploring the new market by attending different exhibition and attending seminars. New business opportunities have been found and the team is exploring to develop those sectors further.

- b) Automated Guided Vehicle (AGV): The same has been successfully tested on the actual shop floor (HPDC) 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.
 - c) Automatic Transmission & Auto starter: Team gathered the data of Indian market (customer & manufacturer) and presented to management.
 - d) Patent: A patent has been filed for new core design for center housing.
 - e) Pyrometer: The team has worked with a German Company to select a suitable pyrometer to measure the stream temperature of the molten iron. This will help in optimizing the temperature and also reduce in rejection by tighter process control.
 - f) Magnesium Casting: An effort has been taken to understand the Magnesium casting process. Discussions with different companies are under progress.
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.
 - d) Team members are being exposed to different types of projects.
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 31/03/2011 | : | Rs.10.30 crores |
| b) | Capital Expenditure during the year 2010-11 | : | Rs.1.70 crores |
| c) | Capital Work-in-Progress during the year 2010-11 (decrease) | : | (-) Rs.0.00 crore |
| d) | Recurring Expenditure | : | Rs.1.07 crores |
| e) | Depreciation | : | Rs.0.40 crore |
| f) | Total (b to e) | : | Rs.3.17 crores |
| g) | Total R&D expenditure as percentage to total turnover | : | 0.31% |

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		Yes
c)	If not fully absorbed, areas where this has not taken place, reasons & future course of action		N.A.

ANNEXURE TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

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

INDUSTRY STRUCTURE AND DEVELOPMENTS

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".

"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."

India recorded GDP at 8.5 per cent in 2010-11 as against 7.9 per cent growth rate in 2009-10. This is even more creditable because such results were achieved in the face of continuing increase in oil and input prices world wide and the Reserve Bank's repeated hikes in interest rates to contain inflation.

The Automotive Industry as a whole has exhibited impressive growth in the financial year 2010-11 as compared to the previous year. The passenger car segment has recorded growth about 29.8 per cent over the previous year and two wheeler segment increased by about 27 per cent. This shows positive consumer sentiments. This growth in Auto Sector owes a lot to the strong domestic demand.

The growth in Automotive Industry lead growth in Automotive Components Industry in India. Indian Auto Components Industry's production increased from US\$ 22.00 Billion in 2009-10 to US\$ 26.00 Billion in 2010-11, growth of 18 per cent. Exports of Auto Components from India during the financial year 2010-11 increased to US\$ 5.00 Billion from US\$ 3.80 Billion compared to previous year 2009-10.

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 affirmed the outlook on India as "STABLE" and they do not see an immediate impact on India's sovereign rating resulting from the lowering of the US sovereign rating.

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 also de-risk its operations. Your

Company has commissioned new plants at Sanand in Gujarat, Haridwar in Uttarakhand and Bawal in Haryana to cater the increasing demand for its products. These plants have commenced production during the current year. It is planned that plants in Bhiwadi in Rajasthan and Chennai in Tamil Nadu will commence its production in the next financial year.

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.

Your Company is implementing a strategic plan to build global scale and capabilities to meet commitments for its existing as well as its new customers. Major buyers of our products namely Hero MotoCorp Limited and Maruti Suzuki India Limited are dominant players in their respective industry i.e. Motor cycles and passenger cars. Large domestic demand has helped to prop-up the turnover and profits.

The efforts taken by your Company on export front has resulted in growth. During the year 2010-11 the Company's exports turnover increased to Rs.202.30 crores from Rs.147.84 crores in the last year, a growth of 37 per cent.

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.1096.19 crores was recorded in the financial year ended 31st March, 2011 as compared to Rs.837.03 crores in the previous year. The total revenue for the financial year ended 31st March, 2011 includes export revenue of Rs.202.30 crores as against Rs.147.84 crores.

2. Profits

The Company has earned Profit before Interest, Depreciation and Tax (PBIDT) of Rs.126.65 crores during the financial year ended 31st March, 2011 over the previous year's profit of Rs.87.74 crores. The Profit before Tax (PBT) of Rs.29.06 crores (includes amount of Rs.10.61 crores and Rs.9.29 crores being the profit on transfer of leasehold rights/interests of the Company in the immovable properties at Ambernath, Mumbai and Bommasandra, Bangalore respectively).

3. Earning Per Share (EPS)

The Basic and Diluted EPS of Re.1/- paid up share is Rs.2.03 and Rs.1.96 for the financial year ended 31st March, 2011 over the previous year's Basic and Diluted EPS of Re.0.48 and Re.0.46 respectively on Re.1/- paid up share.

4. Dividend

The Board has recommended a Dividend @ 20 per cent i.e. Re.0.20 per Equity Share of Re.1/- each for the financial year

2010-11, amounting to Rs.3.15 crores including dividend tax of Rs.0.44 crore on the enhanced Equity Share Capital of Rs.13.53 crores as against a dividend of 15 per cent i.e. Re.0.15 per Equity Share of Re.1/- each aggregating to Rs.2.25 crores including dividend tax of Rs.0.32 crore in the previous year on the Equity Share Capital of Rs.12.89 crores.

5. Investment

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

- 1. Continental Rico Hydraulic Brakes — Rs.10.40 crores
India Private Limited
- 2. Magna Rico Powertrain — Rs.4.00 crores
Private Limited
- 3. KRP Auto Industries Limited — Rs.20.25 crores
(for consideration other than cash
i.e. by transfer of land)

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

6. Reserve & Surplus

The Reserve and Surplus stood at Rs.306.12 crores (including premium of Rs.10.61 crores received on conversion of warrants into equity shares) in the financial year ended 31st March, 2011 as compared to Rs.272.15 crores (including premium of Rs.5.40 crores received on conversion of warrants into equity shares) in the previous year, which shows an increase of 12.48 per cent year on year.

7. Loan Funds

Total debt outstanding as on 31st March, 2011 has increased to Rs.453.53 crores from Rs.419.55 crores over the previous year. The ratio of total debts to net worth now stands at 1.42 compared to 1.46 in the previous year.

8. Fixed Assets

Net Addition to gross block has been Rs.29.63 crores during the financial year ended 31st March, 2011, which has increased the total gross block to Rs.833.37 crores (Refer Schedule 5 to Balance Sheet for additional details). Net Addition to Plant & Machinery of Rs.31.66 crores comprises 63 per cent of the total additions made during the year. Ratio of net sales to net block has increased from 1.53 times to 2.05 times in the financial year 2010-11. The impact of these additions would be reflected by increase in turnover in the coming financial years. These additions besides raising the plant's production capabilities & capacities to meet the increased demand of the customers will help us to reduce delivery time for customers as well.

RISKS AND CONCERNS

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

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

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

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

HUMAN RESOURCES

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

There are 4960 employees including 2427 contractual employees in the Company as on 31st March, 2011.

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. Emergency Management Plan & periodic drills are the part of our regular EHS practice. Different trainings & tool box talks on EHS are making people aware on different aspects of safety, health & awareness. We believe that health is wealth, so regular health camps & awareness sessions are incorporated in the EHS plan. The Company is committed for continual improvement in the ISO-14001 and OHSAS-18001 Systems through periodic audits by one of the World's Leading Certification American Systems Registrar (USA).

INFORMATION TECHNOLOGY

Information Technology at Rico Auto is equipped with World's latest Hardware/Software and Networking Equipment, robust systems and redundant storage. It not only provides high availability but also help in business continuity. Recent technologies like Virtualization and Cloud Storage are helping the organization to protect information and its resources in the event of disaster. Enhancements towards no single point of failure are a key concept and practiced regularly. Improvements in business processes & functionality are acquired continuously using World Class SAP Software, Microsoft Technologies, R&D Labs and CAD-CAM Engineering.

CAUTIONARY NOTE

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

ANNEXURE TO DIRECTORS' REPORT

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

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

The compliance report on the Corporate Governance is given below:

1. COMPOSITION OF BOARD

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

Particulars of Directors of the Company and their directorship in other Companies, Membership/Chairmanship in committees across all Companies in which they are Directors and shareholding in the Company as on 31st March, 2011:

Name of the Director	Category	Number of Committees		Number of other	Shareholding
		Membership held#	Chairmanship held#	Directorship held#	as on 31/03/2011
Shri Chandra Mohan	Independent – Non Executive Chairman	5	—	7	Nil
Shri Anup Singh	Independent – Non Executive	—	2	1	Nil
Prof. Vinod Kumar Bhalla	Independent – Non Executive	3	1	2	1500
Shri Kanwal Monga	Independent – Non Executive	—	—	2	Nil
Shri Amarjit Chopra	Independent – Non Executive	3	2	5	Nil
Dr. Ashok Seth	Independent – Non Executive	—	—	1	25000
Shri Satish Sekhri	Independent – Non Executive	3	—	4	1500
Shri Rakesh Kapur	Non-Executive	1	—	9	2159020
Shri Arun Kapur	Executive – Jt. Managing Director	—	—	6	8651160
Shri Arvind Kapur	Executive – Vice Chairman, CEO & Managing Director	1	—	7	12652460

#Excluding Private Limited Companies

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

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

A. Managing Director and Joint Managing Director

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

B. Retirement of Directors

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

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

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

The details of the Meetings as well as attendance record of all Directors during the year 2010-11 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
28/05/2010	Corporate Office	10	6
12/08/2010	–do–	10	6
12/11/2010	–do–	10	9
24/01/2011	–do–	10	8

Attendance at Meetings

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

*27th Annual General Meeting (AGM) held on 30th September, 2010 at the Registered Office of the Company.

**Extra Ordinary General Meeting (EGM) held on 18th December, 2010 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 2009-10 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.10,000/- for attending each of the Board & Audit Committee Meetings and Rs.1000/- for attending each of the Shareholders/Investors Grievance Committee & Remuneration Committee Meetings.

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

Remuneration to Managing Director and Joint Managing Director is governed by resolutions passed by the Remuneration Committee, Board of Directors and Shareholders of the Company which covers the terms of appointment and payment of remuneration. The remuneration is by way of salary, perquisites and allowances (fixed components) and commission (variable components) on net profits of the Company subject to overall ceiling of 10 per cent as stipulated in

Section 198 & 309 of the Companies Act, 1956. In any financial year, if profits are inadequate to cover the remuneration of Managing Director/Joint Managing Director then approval of the Central Government has to be sought. The Central Government has granted approval for payment of remuneration to Managing Director 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 2010-11 are given below:

(Rupees' 000)

Name of the Director	Sitting Fees	Salary	Perks	Commission*	Total
Shri Chandra Mohan	30	N.A.	N.A.	82	112
Shri Anup Singh	84	N.A.	N.A.	82	166
Prof. Vinod Kumar Bhalla	84	N.A.	N.A.	82	166
Shri Kanwal Monga	10	N.A.	N.A.	82	92
Shri Amarjit Chopra	32	N.A.	N.A.	82	114
Dr. Ashok Seth	10	N.A.	N.A.	82	92
Shri Satish Sekhri	30	N.A.	N.A.	–	30
Shri Rakesh Kapur	44	N.A.	N.A.	82	126
Shri Arun Kapur	N.A.	9846	1592	–	11438
Shri Arvind Kapur	N.A.	7622	1142	–	8764

*Commission paid for the year 2009-10

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 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	27/05/2010	3
Prof. Vinod Kumar Bhalla	Member	12/08/2010	2
Shri Amarjit Chopra	Member	12/11/2010	3
		24/01/2011	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 2010-11:

Name of the Director	Position held	Meetings held on	Members Present
Shri Anup Singh	Chairman	27/05/2010	4
Prof. Vinod Kumar Bhalla	Member	12/08/2010	3
Shri Amarjit Chopra	Member	12/11/2010	4
Shri Rakesh Kapur	Member	24/01/2011	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 12 (Twelve) times in the last financial year (01/04/2010 to 31/03/2011). The Minutes of each Share Transfer Committee Meeting are placed before the meetings of the Board.

Share Transfer Committee consists of the following four members:

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

Name and Designation of Compliance Officer:

Shri B.M. Jhamb – Company Secretary

6. DETAILS OF GENERAL BODY MEETINGS

Financial Year	Type of the Meeting	Location of Meeting	Date	Time
2007-2008	25th Annual General Meeting	Registered Office	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
2009-2010	27th Annual General Meeting	–do–	30/09/2010	4.00 PM
2009-2010	Extra Ordinary General Meeting	–do–	18/12/2010	11.00 AM

Postal Ballot

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

Extra Ordinary General Meeting (18/12/2010)

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

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

25th AGM (30/09/2008)

- To approve the increase in commission of Non-whole-time 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.

27th AGM (30/09/2010)

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

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, 2011 (Refer Schedule 15 at Sl.No.11).

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 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 64,30,000 Warrants were converted as second & final tranche on 7th January, 2011 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
07/01/2011	Allotment of 64,30,000 Equity Shares	Rs.8.42 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. RECONCILIATION OF SHARE CAPITAL AUDIT REPORT

Shri Sooraj Kapoor, Practicing Company Secretary carried out Reconciliation of Share Capital Audit on quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital as on 31st March, 2011 is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. The Reconciliation of Share Capital Audit Report is being submitted to the Stock Exchanges and is also placed before the Board Meeting from time to time for confirmation.

10. CODE FOR PREVENTION OF INSIDER TRADING PRACTICES

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

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

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

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

12. CODE OF CONDUCT

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

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

I hereby confirm that:

The Company has obtained from all the Board Members and Senior Management personnel, affirmation that they have complied with the Code of Conduct for Board Members and Senior Management in respect of the financial year ended 31st March, 2011.

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, 2011 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, 2011 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 : 21st May, 2011

GENERAL SHAREHOLDERS' INFORMATION

1. **Annual General Meeting**
 - Date and Time : 30th September, 2011 at 12.00 Noon
 - Venue : Registered Office
69 KM Stone, Delhi-Jaipur Highway,
Dharuhera, Distt. Rewari – 122106
(Haryana) India

2. **Financial Calendar**
 - Financial Year** : 1st April to 31st March
 - For the year 2010-11, Results were announced on**
 - First quarter ended June 30, 2010 : August 12, 2010
 - Second quarter and half year ended September 30, 2010 : November 12, 2010
 - Third quarter ended December 31, 2010 : January 24, 2011
 - Fourth quarter and year ended March 31, 2011 : May 21, 2011
 - For the year 2011-12, Results will be announced on (Tentative)**
 - First quarter ending June 30, 2011 : August, 2011
 - Second quarter and half year ending September 30, 2011 : November, 2011
 - Third quarter ending December 31, 2011 : February, 2012
 - Fourth quarter and year ending March 31, 2012 : May, 2012

3. **Dates of Book Closure** : 24th September, 2011 to 30th September, 2011 (both days inclusive).

4. **Dividend Payment Date** : Dividend @Re.0.20 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.

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, 2011

Segment	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
Physical	8251	14.99	15662274	11.58
Demat	46787	85.01	119622726	88.42
Total	55038	100.00	135285000	100.00

9. Investors' Services – Complaints status during the year upto March 31, 2011

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

10. Listing and Stock Codes

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

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

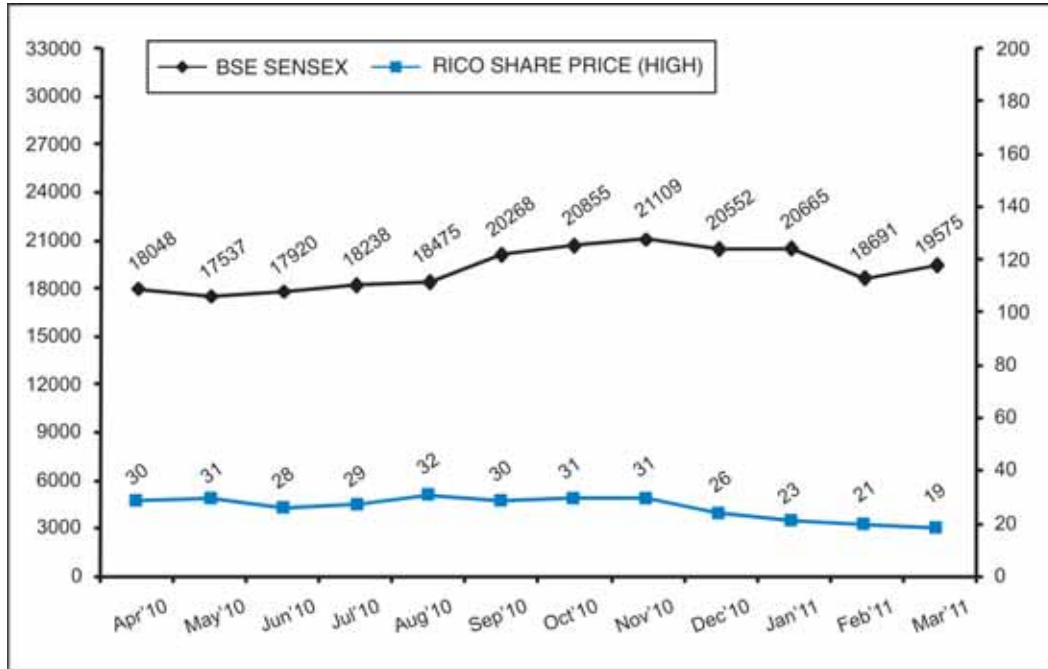
11. Stock Market Data

Monthly high & low quotations and volume of Shares of Re.1/- each traded at Bombay and National Stock Exchanges for 2010-11 are as under:

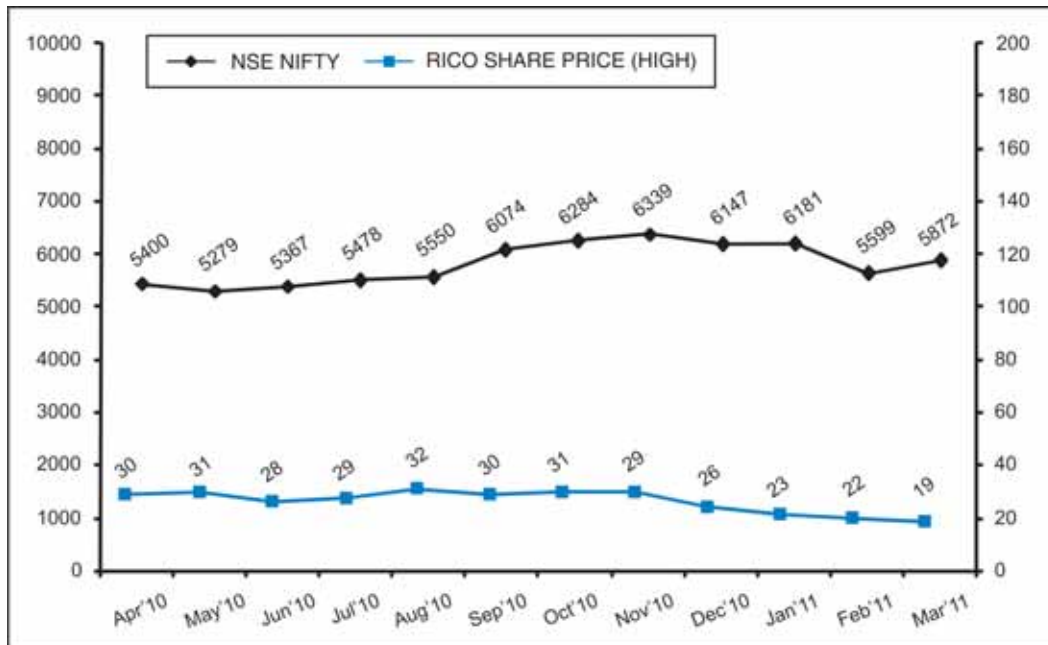
Month/Year	Bombay Stock Exchange			National Stock Exchange		
	High (Rs.)	Low (Rs.)	Volume of Shares Traded	High (Rs.)	Low (Rs.)	Volume of Shares Traded
April, 2010	29.95	24.60	3984834	29.70	24.50	6628954
May, 2010	30.65	24.65	4650954	30.60	24.75	5456621
June, 2010	27.70	24.10	1886105	27.70	23.15	3633498
July, 2010	28.80	20.95	5326114	28.90	24.90	8264220
August, 2010	32.25	25.25	15294385	32.30	25.25	20420575
September, 2010	30.10	25.30	5626523	30.10	25.35	9569437
October, 2010	30.65	25.65	9065509	30.60	25.70	13889698
November, 2010	31.00	20.95	4306640	29.40	20.80	7676200
December, 2010	25.50	20.00	2976369	25.50	20.05	4952843
January, 2011	22.60	16.90	5249416	22.60	16.90	9285076
February, 2011	21.05	17.00	2387428	21.50	17.00	4360928
March, 2011	19.25	15.45	2129388	19.25	15.50	4299672

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

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



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



13. Distribution of Shareholding as on March 31, 2011

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
1 – 5000	53552	97.30	24883023	18.39
5001 – 10000	808	1.47	5992045	4.43
10001 – 20000	332	0.60	4851032	3.59
20001 – 30000	111	0.20	2777137	2.05
30001 – 40000	55	0.10	1911461	1.41
40001 – 50000	58	0.11	2643339	1.96
50001 – 100000	59	0.11	4370893	3.23
100001 & above	63	0.11	87856070	64.94
Total	55038	100.00	135285000	100.00

14. Shareholding Pattern as on March 31, 2011

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	19	27501188	25500448	20.33	20.33	20000000	72.72
(b)	Central Government/ State Government(s)	—	—	—	—	—	—	—
(c)	Bodies Corporate	5	40199790	29242570	29.72	29.72	12000000	29.85
(d)	Financial Institutions/Banks	—	—	—	—	—	—	—
(e)	Any Other (Specify)	—	—	—	—	—	—	—
	Sub-Total (A)(1)	24	67700978	54743018	50.04	50.04	32000000	47.27
(2)	Foreign							
(a)	Individuals (Non-Resident Individuals/Foreign Individuals)	1	79000	79000	0.06	0.06	—	—
(b)	Bodies Corporate	—	—	—	—	—	—	—
(c)	Institutions	—	—	—	—	—	—	—
(d)	Any Other (Specify)	—	—	—	—	—	—	—
	Sub-Total (A)(2)	1	79000	79000	0.06	0.06	0.00	0.00
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	25	67779978	54822018	50.10	50.10	32000000	47.21

Shareholding Pattern contd.

(B)	Public Shareholding						NA	NA
(1)	Institutions						NA	NA
(a)	Mutual Funds/UTI	2	1343384	1343384	0.99	0.99		
(b)	Financial Institutions/Banks	5	23250	18900	0.02	0.02		
(c)	Central Government/ State Governments	—	—	—	—	—		
(d)	Venture Capital Funds	—	—	—	—	—		
(e)	Insurance Companies	—	—	—	—	—		
(f)	Foreign Institutional Investors	1	51723	51723	0.04	0.04		
(g)	Foreign Venture Capital Investors	—	—	—	—	—		
(h)	Any Other (Specify)	—	—	—	—	—		
	Sub-Total (B)(1)	8	1418357	1414007	1.05	1.05		
(2)	Non-Institutions						NA	NA
(a)	Bodies Corporate	1006	9712393	9655293	7.18	7.18		
(b)	Individuals:							
	i) Individual Shareholders holding nominal share capital upto Rs.1 lac	53532	39096250	36453386	28.90	28.90		
	ii) Individual Shareholders holding nominal share capital in excess of Rs.1 lac	25	14999906	14999906	11.09	11.09		
(c)	Any Other (Specify)							
	i) NRI	438	2269316	2269316	1.68	1.68		
	ii) Foreign Companies	—	—	—	—	—		
	iii) OCBs	—	—	—	—	—		
	iv) Trusts & Foundations	4	8800	8800	0.01	0.01		
	Sub-Total (B)(2)	55005	66086665	63386701	48.85	48.85		
	Total Public Shareholding (B)=(B)(1)+(B)(2)	55013	67505022	64800708	49.90	49.90		
	Total (A) + (B)	55038	135285000	119622726	100.00	100.00		
(C)	Shares held by Custodians and against which Depository Receipts have been issued						NA	NA
(1)	Promoter and Promoter group	—	—	—	—	—	—	—
(2)	Public	—	—	—	—	—	—	—
	Grand Total (A) + (B) + (C)	55038	135285000	119622726	100.00	100.00		

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

The Company has not issued any GDRs/ADRs.

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. All these 97,00,000 Warrants have been converted into equivalent number of Equity Share. The Paid-up Share Capital has increased to Rs.13,52,85,000/- after conversion of all the warrants.

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)
Tel : (91)(0124) 2824110
E-mail : opaggarwal@ricoauto.com
- iii) Payment of dividend on Shares and any other queries relating to Annual Report : Shri B.M. Jhamb
Company Secretary
Rico Auto Industries Limited
38 KM Stone, Delhi-Jaipur Highway
Gurgaon – 122001 (Haryana) India
Tel : (91)(0124) 2824221, 2824000
Fax: (91)(0124) 2824200
E-mail : bmjhamb@ricoauto.com & cs@ricoauto.com

17. Plant Locations

- : **Dharuhera Plant**
69 KM Stone, Delhi-Jaipur Highway
Dharuhera, Distt. Rewari – 122106
(Haryana) India
- Gurgaon Plant**
38 KM Stone, Delhi-Jaipur Highway
Gurgaon – 122001 (Haryana) India
- Haridwar Plant**
Plot No.1, Industrial Park IV,
Village Begumpur, Distt. Haridwar
(Uttarakhand) India
- Sanand Plant**
Plot No.D2, Tata Motors Vendor Park
Village Sanand, P.O. Viroch Nagar
Ahmedabad – 382170
(Gujarat) India

18. Unclaimed Dividends

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956 the amount of dividend which remains unpaid/unclaimed for a period of 7 years is transferred to the "Investor Education and Protection Fund" (IEPF), constituted by the Central Government and member(s) would not be able to claim any amount of dividend so transferred to IEPF. As such, member(s) who have not yet encashed his/their dividend warrant(s) is/are requested in his/their own interest to write to the Company for claiming outstanding dividend declared by the Company. The amount of unpaid or unclaimed dividend relating to the financial year ended 31st March, 1995 to 31st March, 2003 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
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
2010	Final – 15	30/09/2010	30/10/2017

Unclaimed Dividend as on March 31, 2011

Year	Rate of Dividend (%)	No. of Warrants Issued	Amount of Dividend (Rs.)	Amount of Unclaimed Dividend (Rs.)	Unclaimed Dividend (%)
2004	Final – 90	15177	96453000.00	520938.00	0.54
2005	Interim – 100	17115	107170000.00	606885.00	0.57
2006	Final – 100	23452	122585000.00	626370.00	0.51
2007	Interim – 75	24037	94188750.00	494874.75	0.53
2008	Final – 60	51888	75351000.00	889393.80	1.18
2009	Final – 15	50117	18837750.00	278832.15	1.48
2010	Final – 15	50925	19328250.00	302569.65	1.57

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:

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

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

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.

22. MCA's Green Initiative for Paperless Communications

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

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, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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

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

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

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

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

CA. Kawal Jain
Partner

Membership No.089214

Place : Gurgaon
Date : 11th August, 2011

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, 2011 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 [as amended by the Companies (Auditors' Report) Amendment Order, 2004], issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii) In our opinion, proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of those books.
 - iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v) On the basis of the written representations received from the Directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 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 15 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, 2011.
- (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 : 21st May, 2011

ANNEXURE REFERRED TO IN PARAGRAPH '3' OF THE AUDITORS' REPORT ON THE ACCOUNTS OF RICO AUTO INDUSTRIES LIMITED FOR THE YEAR ENDED 31st MARCH, 2011

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

(Rs. in Crores)

Sl. No.	Name of Party	Relationship with Party	Year end Balance	Maximum amount outstanding at any point during the year
a)	Rico Jinfei Wheels Limited	92.5% Joint Venture & Subsidiary Company	25.25	26.22
b)	Rasa Autocom Limited	100% Subsidiary Company	14.03	14.03
c)	Uttarakhand Automotives Limited	100% Subsidiary Company	18.29	18.29
d)	RAA Autocom Limited	100% Subsidiary Company	4.60	4.60

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

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

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

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

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

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

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

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

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

ix) (a) According to the records, undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty, Education Cess and Service Tax have been deposited with the appropriate authorities, *though there has been delay in some cases in deducting and depositing of Provident Fund and Service Tax*. According to the information and explanation given to us, there are no undisputed amounts payable in respect of Provident Fund, Investor Education & Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty, Education Cess and Service Tax which were outstanding, as at 31st March, 2011 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	6,54,47,898	Joint Excise & Taxation Commissioner (Appeal), Faridabad
b)	Local Area Development Tax	LADT	92,691	Joint Commissioner (Appeal), Faridabad
c)	Income Tax Act	TDS	11,15,13,080	Assessing officer, Income Tax, Gurgaon
d)	Central Excise & Service Tax Act	Excise Duty & Service Tax	5,79,18,563	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 institution and banks.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, during the year under audit.
- xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of this order are not applicable to the Company.
- xiv) According to the information and explanations provided to us, we are of the opinion that the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of this order are not applicable to the Company.
- xv) According to the information and explanations given to us, the Company has let its Wholly Owned Subsidiary Rasa Autocom Limited utilise its non funded letter of credit limits from Yes Bank Limited to the extent of Rs.5.00 Crores only and actual utilization thereof as on 31st March, 2011 was Rs.3.84 Crores. There are no specifically stipulated terms and conditions between the Companies.
- xvi) According to information and explanations given to us, the Company has raised Term Loans amounting to Rs.133.00 Crores during the year for various purposes like re-imburement of capital expenditure, re-payment of short debts, shoring up of working capital limits, general corporate purposes, etc. On the basis of overall examination of the

Balance Sheet and as per confirmation given by the Management, Rs.83.33 Crores have been incurred for capital expenditure purposes, Rs.20.82 Crores for shoring up of net working capital limits and balance Rs.28.85 Crores towards re-payment of other short term debts.

- 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 64,30,000 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 : 21st May, 2011



BALANCE SHEET AS AT MARCH 31, 2011

	Schedule No.	As at March 31, 2011 (Rs. in Crores)	As at March 31, 2010 (Rs. in Crores)
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
Share Capital	1	13.53	12.89
Warrants	1A	—	2.83
Reserves & Surplus	2	<u>306.12</u>	<u>272.15</u>
		319.65	287.87
2. LOAN FUNDS	3	453.53	419.55
3. DEFERRED TAX LIABILITY	4	34.91	35.78
TOTAL		<u>808.09</u>	<u>743.20</u>
APPLICATION OF FUNDS			
1. FIXED ASSETS			
Gross Block	5	833.37	803.74
Less : Depreciation		<u>357.82</u>	<u>306.80</u>
Net Block		475.55	496.94
Capital Work-in-Progress		59.77	28.96
2. INVESTMENTS	6	98.60	63.95
3. CURRENT ASSETS, LOANS & ADVANCES			
A) Inventories	7	102.20	90.04
B) Sundry Debtors	8	142.32	119.72
C) Cash & Bank Balances	9	14.03	7.08
D) Loans & Advances	10	<u>146.52</u>	<u>116.45</u>
		405.07	333.29
Less : Current Liabilities & Provisions	11	<u>230.90</u>	<u>179.94</u>
Net Current Assets		174.17	153.35
TOTAL		<u>808.09</u>	<u>743.20</u>
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

Place : Gurgaon
Dated : 21st May, 2011

B.M. Jhamb
Company Secretary

Anup Singh
Satish Sekhri
Directors

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Schedule No.	Year ended March 31, 2011 (Rs. in Crores)	Year ended March 31, 2010 (Rs. in Crores)
INCOME			
Sales	12	1055.95	812.27
Less : Excise Duty		<u>79.21</u>	<u>52.21</u>
		976.74	760.06
Other Income		<u>40.24</u>	<u>24.76</u>
		<u>1016.98</u>	<u>784.82</u>
EXPENDITURE			
Manufacturing & Other Expenses	13	890.33	697.08
Financial Charges	14	<u>43.65</u>	<u>35.14</u>
		<u>933.98</u>	<u>732.22</u>
Profit before Depreciation		83.00	52.60
Depreciation		53.94	47.62
Profit after Depreciation		29.06	4.98
Provision for Taxation		4.87	0.04
Provision for Deferred Tax		(0.87)	(1.13)
Provision for MAT Credit Receivable		(1.45)	—
Profit After Tax		<u>26.51</u>	<u>6.07</u>
Amount available for Appropriations		<u>26.51</u>	<u>6.07</u>
APPROPRIATIONS			
Proposed Dividend on Equity Shares		2.71	1.93
Corporate Dividend Tax		0.44	0.32
Transferred to General Reserve		2.00	0.38
Balance carried over to Balance Sheet		<u>21.36</u>	<u>3.44</u>
		<u>26.51</u>	<u>6.07</u>
EARNING PER SHARE (Equity Shares, par value Re.1/- each)			
Basic (Rupee)		2.03	0.48
Diluted (Rupee)		1.96	0.46
Number of Shares considered for computing Earning Per Share			
Basic		130334781	125593959
Diluted		135285000	132600890
NOTES ON ACCOUNTS	15		

35

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

Place : Gurgaon
Dated : 21st May, 2011

B.M. Jhamb
Company Secretary

Anup Singh
Satish Sekhri
Directors

SCHEDULES TO BALANCE SHEET

	As at March 31, 2011 (Rs. in Crores)	As at March 31, 2010 (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		
13,52,85,000 Equity Shares of Re.1/- each fully paid up (Previous year 12,88,55,000 Equity Shares of Re.1/- each) (Out of above 53,58,500 Equity Shares of Rs.10/- each were allotted as fully paid-up Bonus Shares by Capitalisation of Share Premium Reserve during the year 2001-02)	13.53	12.89
	<u>13.53</u>	<u>12.89</u>
Schedule 1A – WARRANTS		
Current year Nil (Previous year 64,30,000 Warrants @ Rs.4.40) (Refer Note No. 13 of Notes on Accounts)	—	2.83
	<u>—</u>	<u>2.83</u>
Schedule 2 – RESERVES AND SURPLUS		
CAPITAL RESERVE	#	#
# On Forfeited Shares & NCDs - Rs.34785/-		
STATE CAPITAL SUBSIDY	0.20	0.20
SHARE PREMIUM ACCOUNT	145.04	134.43
CAPITAL REDEMPTION RESERVE	2.00	2.00
HEDGING RESERVE	(0.02)	(0.02)
GENERAL RESERVE		
As per last Balance Sheet	77.03	76.65
Add : Transferred from Profit & Loss Account	<u>2.00</u>	0.38
	79.03	77.03
SURPLUS		
As per last Balance Sheet	58.51	55.07
Add : Transferred from Profit & Loss Account	<u>21.36</u>	3.44
	79.87	58.51
	<u>306.12</u>	<u>272.15</u>

SCHEDULES TO BALANCE SHEET (CONTD.)

	As at March 31, 2011 (Rs. in Crores)	As at March 31, 2010 (Rs. in Crores)
Schedule 3 – LOAN FUNDS		
SECURED LOANS		
a) Term Loan from Banks:		
Foreign Currency Loan	10.81	8.09
Rupee Loan	295.83	226.13
b) Working Capital Loans from Banks:		
Foreign Currency Loan	17.60	17.16
Rupee Loan	63.76	88.36
c) Other Loans & Advances:		
(1) From Banks	0.22	0.37
(2) From Companies	0.78	1.05
UNSECURED LOANS		
From Banks:		
Foreign Currency Loan	58.53	50.39
Rupee Loan	6.00	28.00
	453.53	419.55

SECURED LOANS

a) Term Loans:

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

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

c) 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.

d) 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, Standard Chartered Bank and Yes Bank Limited. It also includes a Packing Credit Foreign Currency Facility taken from Kotak Mahindra Bank Limited.

SCHEDULES TO BALANCE SHEET (CONTD.)

	As at March 31, 2011 (Rs. in Crores)	As at March 31, 2010 (Rs. in Crores)
Schedule 4 – DEFERRED TAX LIABILITY		
As per last Balance Sheet	35.78	36.91
Add /(Less) : Provision for the year	(0.87)	(1.13)
	<u>34.91</u>	<u>35.78</u>

Schedule 5 – FIXED ASSETS

(Rs. in Crores)

Particulars	Cost as on 31.03.2010	GROSS BLOCK			DEPRECIATION				NET BLOCK	
		Addition during the year	Sale/Trf. during the year	Total Cost as on 31.03.2011	Up to 31.03.2010	For the year	On Sale/ Transfer	Up to 31.03.2011	As on 31.03.2011	As on 31.03.2010
LAND	10.04	—	—	10.04	—	—	—	—	10.04	10.04
LAND (LEASE HOLD)	25.88	0.03	8.99	16.92	0.24	0.13	—	0.37	16.55	25.64
BUILDINGS	76.64	4.93	0.78	80.79	15.69	2.53	—	18.22	62.57	60.95
FURNITURE & FIXTURES	4.64	—	—	4.64	3.19	0.26	0.01	3.44	1.20	1.45
PLANT & MACHINERY	647.19	41.64	9.98	678.85	258.22	48.06	2.13	304.15	374.70	388.97
OFFICE EQUIPMENTS	26.28	2.34	0.09	28.53	21.59	1.45	0.09	22.95	5.58	4.69
VEHICLES	13.07	1.45	0.92	13.60	7.87	1.51	0.69	8.69	4.91	5.20
TOTAL	803.74	50.39	20.76	833.37	306.80	53.94	2.92	357.82	475.55	496.94
PREVIOUS YEAR	720.59	90.33	7.18	803.74	264.46	47.62	5.28	306.80	496.94	456.13

CAPITAL WORK-IN-PROGRESS

Capital Work-in-Progress	59.75	26.81
Pre-Operative Expenses	0.02	2.15
Total	<u>59.77</u>	<u>28.96</u>

Note: Additions in Fixed Assets during the year include Rs.1.34 Crores (Previous year Rs.1.58 Crores) on account of capitalisation of borrowing cost and Rs.0.28 Crore (Previous year Rs.2.13 Crores) on account of foreign exchange fluctuation.

Pre-Operative Expenses

Personnel Expenses	0.06	0.03
Labour & Staff Welfare	0.02	0.02
Rent	0.03	0.02
Rates & Taxes	0.10	0.10
Travelling & Conveyance	0.16	0.16
Other Expenses	0.07	0.08
Technical Know How	1.74	1.74
Total	<u>2.18</u>	<u>2.15</u>
Less : Allocated to Capital Work in Progress (Building under construction)	<u>2.16</u>	<u>—</u>
Net Balance	<u>0.02</u>	<u>2.15</u>

SCHEDULES TO BALANCE SHEET (CONTD.)

	As at March 31, 2011 (Rs. in Crores)	As at March 31, 2010 (Rs. in Crores)
Schedule 6 – INVESTMENTS		
Long Term Investment (AT COST) – 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 92,50,000 Equity Shares of Rs.10/- each)	9.25	9.25
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 5,06,50,000 Equity Shares of Rs.10/- each (Previous year 4,02,49,999 Equity Shares of Rs.10/- each)	50.65	40.25
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 1,36,20,000 Equity Shares of Rs.10/- each (Previous year 96,20,000 Equity Shares of Rs.10/- each)	13.62	9.62
KRP Auto Industries Limited 4,75,680 Equity Shares of Rs.100/- each (Previous year 4,750 Equity Shares of Rs.100/- each) (Out of which 4,70,930 Equity Shares were received against consideration of Land at a premium of Rs 330/- each)	20.30	0.05
	98.60	63.95
Aggregate Value:		
1. Cost of Quoted Investments	—	—
2. Market Value of Quoted Investments	—	—
3. Cost of Unquoted Investments	98.60	63.95

SCHEDULES TO BALANCE SHEET (CONTD.)

	As at March 31, 2011 (Rs. in Crores)	As at March 31, 2010 (Rs. in Crores)
Schedule 7 – INVENTORIES		
(As valued and certified by the Management – Cost or Realisable Value whichever is less)		
Goods in Transit	0.03	0.01
Stores & Spares	40.17	38.04
Raw Material & Components	22.17	19.13
Work-in-Process	37.54	31.97
Finished Goods	2.29	0.89
	<u>102.20</u>	<u>90.04</u>
Schedule 8 – SUNDRY DEBTORS		
(Unsecured considered good unless otherwise stated)		
Debts outstanding for a period exceeding six months	1.64	7.69
Less : Provision for Doubtful Debts	<u>—</u>	<u>1.04</u>
	1.64	6.65
Other Debts	140.68	113.07
	<u>142.32</u>	<u>119.72</u>
Schedule 9 – CASH AND BANK BALANCES		
1. Cash in hand	0.20	0.17
2. Cheques in hand	—	0.90
3. Balances with Scheduled Banks		
a) In Current Accounts	13.46	5.62
b) In Dividend Accounts	0.37	0.39
	<u>14.03</u>	<u>7.08</u>
Schedule 10 – LOANS AND ADVANCES		
(Unsecured considered good unless otherwise stated)		
a) Advances recoverable in cash or in kind or for value to be received	134.51	102.76
Less : Provision for doubtful advances	<u>0.17</u>	<u>0.17</u>
	134.34	102.59
b) Security Deposits	4.10	3.57
c) Advance Income Tax (Net)	6.63	10.29
d) MAT Credit Receivable	1.45	—
	<u>146.52</u>	<u>116.45</u>

SCHEDULES TO BALANCE SHEET (CONTD.)

	As at March 31, 2011 (Rs. in Crores)	As at March 31, 2010 (Rs. in Crores)
Schedule 11 – CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
a) Sundry Creditors		
1) Due to Micro, Small & Medium Enterprises	4.10	2.70
2) Others	169.20	128.38
b) Other Liabilities		
1) Expenses payable	46.66	39.46
2) Income Tax deducted at source payable	1.19	0.88
3) Interest accrued but not due	1.67	2.22
4) Other Statutory Liabilities	4.54	3.64
5) Unclaimed Dividends	0.37	0.39
PROVISIONS		
c) Proposed Dividend	2.71	1.93
d) Provision for Corporate Dividend Tax	0.44	0.32
e) Fair Valuation of Forward Contracts/Derivative Liabilities	0.02	0.02
	<u>230.90</u>	<u>179.94</u>

SCHEDULES TO PROFIT & LOSS ACCOUNT

	Year ended March 31, 2011 (Rs. in Crores)	Year ended March 31, 2010 (Rs. in Crores)
Schedule 12 – SALES & OTHER INCOME		
Sales (TDS Rs.3,69,61,581/- Previous year Rs.1,97,50,706/-)	1051.78	809.24
Miscellaneous Sales	4.11	2.84
Job Work (TDS Rs.26,913/- Previous year Rs.5,905/-)	0.06	0.19
	<u>1055.95</u>	<u>812.27</u>
Miscellaneous Income	16.35	12.36
(TDS Rs.1,25,15,531/- Previous year Rs.83,69,732/-)		
Dividend Received	4.78	5.92
Foreign Exchange Fluctuation & Gains	—	6.48
Profit on Sale of Assets (Net)	19.11	—
	<u>40.24</u>	<u>24.76</u>
	<u>1096.19</u>	<u>837.03</u>

SCHEDULES TO PROFIT & LOSS ACCOUNT (CONTD.)

	Year ended March 31, 2011 (Rs. in Crores)	Year ended March 31, 2010 (Rs. in Crores)
Schedule 13 – MANUFACTURING & OTHER EXPENSES		
Raw Material & Components Consumed	579.10	445.36
Add : Opening Stock		
Work-in-Process	31.97	27.83
Finished Goods	0.89	0.38
	<u>32.86</u>	<u>0.38</u>
	611.96	473.57
Less : Closing Stock		
Work-in-Process	37.54	31.97
Finished Goods	2.29	0.89
	<u>39.83</u>	<u>0.89</u>
	572.13	440.71
Stores & Spares Consumed	63.46	51.95
Power & Fuel	79.62	66.24
Repair & Maintenance (Machineries)	3.33	2.98
Personnel Expenses	121.47	87.46
Contribution to Provident & other Funds	4.88	3.43
Labour & Staff Welfare	3.36	3.58
Rent	0.23	0.23
Rates & Taxes	1.38	1.17
Directors' Sitting Fees	0.03	0.03
Commission to Directors	0.10	0.06
Insurance	1.07	1.53
Travelling & Conveyance	2.75	2.12
Auditors' Remuneration*	0.18	0.15
Advertisement & Publicity	0.28	0.25
Sales Promotion	0.20	0.21
Repair & Maintenance (Buildings)	1.17	0.74
Repair & Maintenance (Others)	2.25	1.89
Charity & Donation	0.24	0.14
Other Expenses	31.78	31.59
Loss on Sale of Assets (Net)	—	0.55
Previous year Expenses (Net)	0.42	0.07
	<u>890.33</u>	<u>697.08</u>
Note: *Auditors' Remuneration includes payments/provisions for:		
Audit Fee	0.11	0.09
Tax Audit Fee	0.02	0.02
Income Tax Matters	0.02	0.01
Other Capacity	0.02	0.02
Expenses Reimbursed	0.01	0.01
	<u>0.18</u>	<u>0.15</u>
Schedule 14 – FINANCIAL CHARGES		
Term Loan Interest	26.01	20.49
Interest to Banks & Others	25.76	20.51
	<u>51.77</u>	<u>41.00</u>
Total Financial Charges	51.77	41.00
Less : Interest Received	8.12	5.86
(TDS Rs. 81,20,690 Previous year Rs. 74,85,460/-)	<u>43.65</u>	<u>35.14</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:

Payment to defined contribution retirement benefit scheme 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.

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, 2011:

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 01.04.2010	64043000	53567037	27292000	23153344
B. Current Service Cost	7454000	6731387	8939000	8458825
C. Interest Cost	5150000	4251834	2164000	1809574
D. Actuarial (Gain)/Loss	9682191	1644036	(2684806)	(4503960)
E. Benefits Paid	3981191	2151294	2436194	1625783
F. Present Value of Obligation, closing as on 31.03.2011 (F=A+B+C+D-E)	82348000	64043000	33274000	27292000
II) Change in Plan Assets				
A. Fair Value of Plan Assets, opening as on 01.04.2010	45111467	34048804	21981223	12544547
B. Expected return on Plan Assets	4004000	3499320	2103000	1516167
C. Employer's Contributions	333920	9713888	3949682	9318732
D. Benefits Paid	3981191	2151294	2436194	1625783
E. Actuarial Gain	32584	749	(131666)	227560
F. Fair Value of Plan Assets, closing as on 31.03.2011 (F=A+B+C-D+E)	45500780	45111467	25466045	21981223
III) Net Liability/(Assets) (I-II)	36847220	18931533	7807955	5310777
IV) Net Gratuity/Leave Cost for the year ended March 31, 2011				
A. Current Service Cost	7454000	6731387	8939000	8458825
B. Interest Cost	5150000	4251834	2164000	1809574
C. Expected returns on Plan Assets	(4004000)	(3499320)	(2103000)	(1516167)
D. Actuarial Gain recognised in the year	9649607	1644036	(2553140)	(4503960)
E. Net Gratuity/Leave Cost (E=A+B+C+D)	18249607	9127937	6446860	4248272
V) Category of Assets as at March 31, 2011				
Insurer Managed Funds	45500780	45111467	25466045	21981223
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	8.30	8.30	8.30
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:

Revenue from sale of goods is recognized on transfer of all significant risks and rewards of ownership to the buyer which coincides with dispatch of goods from factory to the customers in case of domestic sale. Sale value is inclusive of Excise Duty paid on the clearance of goods. Export Sale/Income is accounted for at exchange rate prevailing at the time of sale. Effect of foreign exchange fluctuation on the export sales 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. Lease hold land includes Rs.16.91 Crores (Gross) of lands situated at Bhiwadi (Rajasthan), Oragadam (Chennai) & Singur (West Bengal) (Previous year Rs.25.88 Crores).
3. 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.
4. During the year Commercial Production was started on 21st January, 2011 at Sanand (Gujarat).
5. The Company after obtaining the approval of Karnataka Industrial Areas Development Board (KIADB) has transferred on 30th October, 2010 lease hold rights of plot of land measuring 80,937 Sq. Mtrs. situated at Plot No. 283, Bommasandra – Jigani Link Road Industrial Area, Bangalore, to the Joint Venture & Subsidiary Company KRP Auto Industries Limited for a consideration of Rs.20.25 Crores received by way of Equity Shares of the said Company.
6. The Other Income includes amounts of Rs.10.61 Crores and Rs.9.29 Crores being the Profits on transfer of leasehold rights/interests of the Company in the immovable properties at Ambernath (Mumbai) and Bommasandra (Bangalore) respectively.
7. As a temporary support to its Wholly Owned Subsidiary Rasa Autocom Limited, the Company has allowed to utilize its letters of credit limits with Yes Bank Limited to the extent of Rs.5.00 Crores out of which actual utilization was Rs.3.84 Crores. Yes Bank Limited has already given an In-principle Letter sanctioning funded and non-funded limits to Rasa Autocom Limited independently and this arrangement is till its final sanction and disbursement only.

8. Deferred Tax (Assets)/Liabilities of Rs.(0.87) Crore [Previous year Assets Rs.(1.13) Crores] for the current year has been charged to current year's profit. Deferred Tax (Assets)/Liabilities is mainly on account of timing difference in depreciation. The component of Deferred Tax (Assets)/Liabilities are as under:

(Rs. in Crores)		
Particulars	Current Year	Previous Year
Deferred Tax on Depreciation difference	10.15	10.01
Less: Tax Paid under MAT	0.32	0.32
Less: Deferred Tax Assets	8.58	9.36
Less: Gratuity payable	1.22	0.64
Less: Leave Encashment provision	0.26	0.18
Less: Bonus	0.64	0.64
Deferred Tax Assets	(0.87)	(1.13)

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

(Rs. in Crores)				
Particulars	2010-11	2009-10	2008-09	2007-08
i) Capital Expenditure	1.70	0.00	0.01	0.48
ii) Employees Remuneration and Benefits	0.87	0.35	0.35	0.46
iii) Revenue Expenses other than Depreciation	0.20	0.21	0.20	0.33
iv) Depreciation on Research and Development Assets	0.40	0.47	0.57	0.69

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

Particulars		Year ended March 31, 2011	Year ended March 31, 2010
Net Profit after Income Tax (Rs. in Crores)	(A)	26.51	6.07
No. of Equity Shares (Weighted average)			
– Basic	(B)	13,03,34,781	12,55,93,959
– Diluted/Adjusted	(C)	13,52,85,000	13,26,00,890
Nominal Value per Equity Share (Rupee)		1	1
Earning Per Share before extra ordinary items (Rupee)			
– Basic	(A)/(B)	2.03	0.48
– Diluted/Adjusted	(A)/(C)	1.96	0.46
Earning Per Share after extra ordinary items (Rupee)			
– Basic	(A)/(B)	2.03	0.48
– Diluted/Adjusted	(A)/(C)	1.96	0.46

11. 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	99.95%
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

12. CONTINGENT LIABILITIES

- i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs.14.90 Crores (Previous year Rs.17.38 Crores).
- ii) Banks have given guarantees on behalf of the Company worth of Rs.4.01 Crores (Previous year Rs.2.49 Crores).
- iii) Letters of Credit outstanding in favour of suppliers for Rs.34.22 Crores (Previous year Rs.30.88 Crores).
- iv) The Company has given counter guarantees to the extent of Rs.13.04 Crores, Rs.7.20 Crores, Rs.6.72 Crores, Rs.5.81 Crores and Rs.4.31 Crores respectively to Axis Bank Limited, State Bank of Patiala, Standard Chartered Bank, DBS Bank Limited & Yes Bank Limited for the payment of Buyers' Credits arranged through them from Foreign Banks.
- v) Disputed statutory demands in appeals before relevant Hon'ble Appellate Authorities:
 - a) Sales Tax Rs.6.54 Crores (Previous Year Rs.7.95 Crores).
 - b) Central Excise & Service Tax Rs.5.79 Crores (Previous year Rs.4.35 Crores).
 - c) Local Area Development Tax (LADT) Rs.0.01Crore (Previous year Rs.0.01 Crore).
 - d) Income Tax Rs.11.15 Crores (Previous year Rs.1.78 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 (v) (a) (b) (c) and (d) above. Hence no provision has been considered necessary against the same.

- vi) Surety Bonds executed in favour of The President of India, under Export Promotion Capital Goods Scheme (EPCG) for importing Capital goods at concessional rate of custom duty, amounting to Rs.120.83 Crores (Previous year Rs.122.19 Crores).
13. During the year 64,30,000 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 second & final tranche into 64,30,000 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.8,42,33,000/- collected from the allottee against the allotment of 64,30,000 equity shares, has been utilized for the purpose it has been raised. The Paid-up Share Capital has increased to Rs.13,52,85,000/- after this allotment during the year.
- 14. 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 follows:

(Amount in Rupees)

Name of the Party	Current Year		Previous Year	
	Interest Amount	Balance as on 31.03.2011	Interest Amount	Balance as on 31.03.2010
Century NF Castings	—	2397639.38	—	1220367.85
Jayem Auto Industries Private Limited	—	85289.25	—	33186.23
Amar Auto	—	464655.64	—	—
Airtech Services	—	56080.44	—	—
Aquaion Technology Inc.	—	13800.00	—	—
Bansal Brothers	—	14700.00	—	—
Consul Consolidation Private Limited	—	172306.28	—	—
Century Metal Recycling Private Limited	—	6947887.15	—	—
GBM Manufacturing Private Limited	—	40101.65	—	—
Gala Precision Engineering Private Limited	—	653998.76	—	—
Metals India	—	473818.00	—	33712.00
Silcarb Recrystallized Private Limited	—	979252.02	—	1165348.76
KJK Poly Diamonds International Private Limited	—	2987.04	—	43883.73
Saideep Fabricators	—	725942.00	—	—
Lubrikote Specialities	—	1203003.50	—	—
Marshall Castings Limited	—	449372.98	—	433558.50
Mercury Fittings Private Limited	—	—	—	229512.24
M.M. Engineering Works Private Limited	—	323243.71	—	—
Mettherm Furnaces	—	485067.00	—	—
Nicks Auto Industries Private Limited	—	24244895.07	—	6799239.54
Jaycee Steels Industries	—	—	—	1704132.80
Balaji Aluminium Alloys Private Limited	—	—	—	13096552.95

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 31.03.2011	Interest Amount	Balance as on 31.03.2010
Branopac India Private Limited	—	76412.62	—	147538.40
Carbo Tools & Gauges (I) Private Limited	—	—	—	230733.41
Gargi Huttenes-Albertus Private Limited	—	38101.88	—	81224.22
Victor Reinz India Private Limited	—	604438.49	—	12088.77
Kelleys Engineering Works	—	134838.00	—	638577.00
RAS Tek Private Limited	—	22837.80	—	556457.33
Selvee Engineering Services	—	227986.32	—	343219.80
Surtec Chemicals India Private Limited	—	157508.40	—	154566.72
VAP Induction (India) Private Limited	—	19629.96	—	10267.00
Total	—	41015793.34	—	26934167.25

ii) The amount of interest accrued & remaining unpaid at the end of the financial year 2010-2011 is Nil (Previous year Nil).

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

15. The Profit & Loss account of the Company includes Net Loss of Rs.1.02 Crores (Previous year Net Profit of Rs.6.48 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)	(2.79)	3.07
Prorif/(Loss) recognized on Export (Net)	1.23	(5.34)
Profit/(Loss) on Buyers' Credits & Forward Contracts	(0.12)	6.09
Profit/(Loss) earned on Foreign Currency Loan	0.66	2.66
Total Amount (Net)	(1.02)	6.48

16. The amount has been given in Crore Rupees unless otherwise stated.
17. Previous year figures have been re-grouped or re-arranged wherever found necessary.
18. Schedules 1 to 15 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

(Actual Production in Nos.)

CLASS OF GOODS	Year ended March 31, 2011	Year ended March 31, 2010
AUTO PARTS	58242157	49126310
DIES & MOULDS	519	428
OTHERS	11418	3894

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	58486	0.89	9258	0.30	58046111	1062.91	49077082	811.20	254532	2.29	58486	0.89
DIES & MOULDS	—	—	8	0.08	519	24.81	436	20.64	—	—	—	—
TELEMARKETING & DATA ENTRY	—	—	—	—	—	—	—	0.06	—	—	—	—
OTHERS	107	—	347	—	11521	1.57	4134	2.90	4	0.00	107	—
JOB WORK	—	—	—	—	—	0.26	—	0.19	—	—	—	—

NOTE : 1. Sales includes interunit/intraunit Rs.33.40 Crores (Previous year Rs.22.72 Crores).

2. Job Work includes interunit/intraunit Rs.0.20 Crore (Previous year Nil).

3. Closing Stock includes Ware House Stock & Goods in Transit 248848 Nos. (Previous year Rs.52474 Nos.).

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

(Quantity in Kgs. & Value Rs. in Crores)

	Year ended March 31, 2011		Year ended March 31, 2010	
	Quantity	Value	Quantity	Value
	ALUMINIUM ALLOY	19396900	212.80	15069321
PIG IRON & STEEL SCRAP	26414897	65.28	22162901	57.21
OTHER MATERIALS & COMPONENTS	—	312.61	—	252.98
STORES AND SPARE PARTS	—	76.82	—	62.88

NOTE : Consumption includes interunit/intraunit Rs.31.92 Crores (Previous year Rs.20.76 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.

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, 2011		Year ended March 31, 2010	
	Value	Percentage to Total Consumption	Value	Percentage to Total Consumption
1. ALUMINIUM ALLOY				
Indigenous	212.47	99.84%	122.41	87.22%
Imported	0.33	0.16%	17.94	12.78%
2. PIG IRON & STEEL SCRAP				
Indigenous	65.28	100.00%	57.21	100.00%
Imported	—	—	—	—
3. OTHER MATERIALS & COMPONENTS				
Indigenous	301.99	96.60%	235.14	92.95%
Imported	10.62	3.40%	17.84	7.05%
4. STORES & SPARE PARTS				
Indigenous	70.61	91.91%	54.56	86.77%
Imported	6.21	8.09%	8.32	13.23%

E. CIF VALUE OF IMPORTS

(Rs. in Crores)

	Year ended March 31, 2011	Year ended March 31, 2010
Capital Goods	32.66	27.84
Other Raw Materials and Components	9.93	33.09
Stores & Spares	6.41	8.29

F. EXPENDITURE IN FOREIGN CURRENCY

(Rs. in Crores)

	Year ended March 31, 2011	Year ended March 31, 2010
Connectivity & Link Charges	—	0.03
Bank Charges against Export	0.02	0.02
Travelling Expenses	0.47	0.24
Books & Periodicals	—	0.00
Professional Charges	0.42	0.31
Repair & Maintenance (Machinery)	0.03	0.02
Membership & Subscription	—	0.01
Others	5.11	2.43

G. EARNING IN FOREIGN CURRENCY

	(Rs. in Crores)	
	Year ended March 31, 2011	Year ended March 31, 2010
F.O.B. Value of Export	183.71	132.28
Others	10.26	5.01

H. PAYMENT TO DIRECTORS

	(Rs. in Crores)	
	Year ended March 31, 2011	Year ended March 31, 2010
Remuneration	1.75	0.48
Commission	0.10	0.06
Perquisites & Allowances	0.16	0.22
Directors' Sitting Fees	0.03	0.03
Contribution to Provident Fund	0.11	0.06
Computation of Commission to Directors u/s 349 of the Companies Act, 1956		
Profit after Depreciation	29.06	—
Added Back:		
Directors Remuneration Charged to Profit and Loss Account	2.02	—
Commission to other Directors	0.10	—
Loss/(Profit) on sale of Fixed Assets (Net) – as per books	<u>(19.11)</u>	0.55
	<u>(16.99)</u>	0.55
TOTAL	<u>12.07</u>	<u>0.55</u>
Payment of Remuneration		
1) Managing Director	1.14*	0.40
2) Joint Managing Director	0.88*	0.36
*This amount includes arrears of Rs. 0.37 Crore and Rs. 0.26 Crore to Vice Chairman, CEO & Managing Director and Joint Managing Director respectively after receipt of Central Government Approval dated 14th July, 2010 for three financial year effective from 1st April, 2010 to 31st March, 2012.		
Computation of Commission to other Directors		
1% of Net Profit (Subject to maximum of Rs.0.24 Crore)	0.10	0.06

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)

Place : Gurgaon
Dated : 21st May, 2011

B.M. Jhamb
Company Secretary

Anup Singh
Satish Sekhri
Directors

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



INFORMATION PURSUANT TO PART IV OF SCHEDULE VI 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 2011
II.	Capital raised during the year (Rs. in Thousands)	Public Issue Nil	Right Issue Nil
		Bonus Issue Nil	Private Placement 6430
III.	Position of Mobilisation and Deployment of Funds (Rs. in Thousands)	Total Liabilities 8080784	Total Assets 8080784
	Sources of Funds	Paid-Up Capital 135285	Reserves & Surplus 3060813
		Warrants 0	Secured Loans 3890134
		Deferred Tax Liability 349280	Unsecured Loans 645272
	Application of Funds	Net Fixed Assets 5353297	Investments 985966
		Net Current Assets 1741521	Misc. Expenditure 0
		Accumulated Losses Nil	
IV.	Performance of Company (Rs. in Thousands)	Turnover (Incl. Other Income) 10961929	Total Expenditure 10671369
		Profit Before Tax 290560	Profit After Tax 265020
		Earning Per Share in Rs.	Dividend Rate % 20
		Basic 2.03	
		Diluted 1.96	

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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

For and on behalf of the Board of Directors

O.P.Aggarwal
Executive Director (Finance)

B.M.Jhamb
Company Secretary

Anup Singh
Satish Sekhri
Directors

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

Place : Gurgaon
Dated : 21st May, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	Year ended March 31, 2011 (Rs. in Crores)	Year ended March 31, 2010 (Rs. in Crores)
A. Cash Flow from Operating Activities		
Net Profit Before Tax and Extra Ordinary Items	29.06	4.98
Adjustments for:		
Depreciation	53.94	47.62
Loss/(Profit) on Sale of Assets	(19.11)	0.55
Provision for fair valuation of Forward Contracts/ Derivative Liabilities	—	2.80
Interest Paid (Net)	43.65	41.00
Dividend Received	(4.78)	(5.92)
	73.70	86.05
Operating Profit before Working Capital Changes	102.76	91.03
Adjustments for:		
Trade and other Receivables	(56.33)	(32.45)
Inventories	(12.17)	(12.85)
Trade Payable and Provisions	50.06	65.17
	(18.44)	19.87
Cash Generated from Operations	84.32	110.90
Income Tax Payment for the Year	0.24	(1.91)
	0.24	(1.91)
Cash Flow before Extra Ordinary Items	84.56	108.99
Extra Ordinary Items	—	—
Net Cash from Operating Activities (A)	84.56	108.99
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(81.21)	(89.71)
Sale of Fixed Assets	36.95	1.35
Purchase of Investments	(34.65)	(37.12)
Dividend Received	4.78	5.92
	(74.13)	(119.56)
Net Cash used in Investing Activities (B)	(74.13)	(119.56)
C. Cash Flow from Financing Activities		
Proceeds from Long Term Borrowings	133.00	130.17
Repayment of Long Term Borrowings	(60.58)	(65.97)
Proceeds from Short Term Borrowings (Net)	(38.42)	(15.01)
Dividend Paid – Equity Shares	(2.25)	(2.20)
Proceeds from issue of Share Capital including Warrants	8.42	8.55
Interest Paid (Net)	(43.65)	(41.00)
	(3.48)	14.54
Net Cash used in Financing Activities (C)	(3.48)	14.54
Net Increase in Cash and Cash Equivalents	6.95	3.97
Cash and Cash Equivalents as at (Opening Balance)	7.08	3.11
Cash and Cash Equivalents as at (Closing Balance)	14.03	7.08

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011 (CONTD.)

Notes :

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

For and on behalf of the Board of Directors

O.P.Aggarwal
Executive Director (Finance)

Chandra Mohan
Chairman

Anup Singh
Satish Sekhri
Directors

Arvind Kapur
Vice Chairman, CEO
& Managing Director

Place : Gurgaon
Dated : 21st May, 2011

B.M.Jhamb
Company Secretary

AUDITORS' CERTIFICATE

We have examined the attached Cash Flow Statement of Rico Auto Industries Limited for the year ended 31st March, 2011. 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 : 21st May, 2011

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 Limited	Rasa Autocom Limited	Utarakhand Automotives Limited	Rico Jinfei Wheels Limited	RAA Autocom Limited	KRP Auto Industries 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	15 th January, 2010
3.	Financial Year of the Subsidiary ended on	31 st March, 2011	31 st March, 2011	31 st March, 2011	31 st March, 2011	31 st March, 2011	31 st March, 2011	31 st March, 2011
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.17.25 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%	475680 Equity Shares @ Rs.100/- each (Rs.475.68 Lacs) 99.95%
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\$ 277122 (Rs.108.33 Lacs) Profit US\$ 1768251 (Rs.802.90 Lacs) Nil Nil	Profit GBP 170283 (Rs.127.04 Lacs) Loss GBP 127251 (Rs.81.81 Lacs) Nil Nil	Loss Rs.4.97 Lacs Loss Rs.115.66 Lacs Nil Nil	Loss Rs.204.57 Lacs Loss Rs.351.42 Lacs Nil Nil	Loss Rs.511.39 Lacs Loss Rs.32.42 Lacs Nil Nil	Loss Rs.59.40 Lacs Loss Rs.98.88 Lacs Nil Nil	Loss Rs.4.27 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	Not Applicable
7.	Material changes between the end of the financial year of the Subsidiary and the financial year of the Company	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

For and on behalf of the Board of Directors

O.P. Aggarwal
Executive Director (Finance)

B.M. Jhamb
Company Secretary

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

Anup Singh
Satish Sekhri
Directors

Place : Gurgaon
Dated : 21st May, 2011

FINANCIAL SUMMARY RELATING TO SUBSIDIARY COMPANIES AS ON 31.03.2011

(Rs. in Thousand)

Sl. No.	Name of the Subsidiary Company	Reporting Currency	Exchange Rates as on 31/03/2011 (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\$	44.41	1217	90728	418910	326965	—	999354	19013	8180	10833	—
2.	Rico Auto Industries (UK) Limited, U.K.	GBP	71.20	1725	20884	156720	134111	—	500974	17427	4723	12704	—
3.	Rasa Autocom Limited	INR	—	750	(12063)	169271	180584	—	—	(483)	14	(497)	—
4.	Uttarakhand Automotives Limited	INR	—	4100	(55599)	131954	183453	—	—	(20462)	(5)	(20457)	—
5.	Rico Jinfei Wheels Limited	INR	—	100000	(58790)	575901	534691	—	381535	(56554)	(1269)	(55285)	—
6.	RAA Autocom Limited	INR	—	500	(15828)	38414	53742	—	—	(5940)	0	(5940)	—
7.	KRP Auto Industries Limited	INR	—	47593	154979	312065	109493	—	89	(427)	—	(427)	—

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

For and on behalf of the Board of Directors

O.P. Aggarwal
Executive Director (Finance)

B.M. Jhamb
Company Secretary

Anup Singh
Satish Sekhri
Directors

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

Place : Gurgaon
Dated : 21st May, 2011

CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2010-11

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, 2011, 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, 2011. The Financial Statements of these Subsidiaries and Joint Venture Companies reflect total Assets of Rs.88.80 Crores and Rs.383.52 Crores respectively (Previous year Rs.48.27 Crores and Rs.315.13 Crores) as at 31st March, 2011, total Revenue of Rs.150.04 Crores and Rs.656.98 Crores respectively (Previous year Rs.131.30 Crores and Rs.481.35 Crores) for the year ended on that date. The net cash flows from operating activities reflect Rs.29.47 Crores (positive) [Previous year Rs.8.50 Crores (negative)]. The financial statements of the Subsidiaries and Joint Venture Companies reflect Net Profit after Tax of Rs.15.22 Crores (positive) [Previous year Rs.3.75 Crores (negative)] for the year ended 31st March, 2011. 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 & Continental Rico Hydraulic Brakes India Private Limited whose accounts are unaudited and consolidated on the basis of provisional Balance Sheet (Total Assets Rs.101.46 Crores) (Previous year Rs.71.90 Crores).

Cash Flow from operating activities Rs.6.44 Crores (negative) [Previous year Rs.21.10 Crores(negative)] 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 by our audit report, the Company has converted 64,30,000 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.

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, 2011;
- 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 : 21st May, 2011

Membership No. 089214

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

	Schedule No.	As at March 31, 2011 (Rs. in Crores)	As at March 31, 2010 (Rs. in Crores)
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
Share Capital	1	13.53	12.89
Warrants	1A	—	2.83
Share Application Money	2	—	3.25
Reserves & Surplus	3	<u>307.98</u>	<u>285.83</u>
		321.51	304.80
2. LOAN FUNDS	4	475.19	441.55
3. DEFERRED TAX LIABILITY	5	34.32	35.70
TOTAL		<u>831.02</u>	<u>782.05</u>
APPLICATION OF FUNDS			
1. FIXED ASSETS			
Gross Block	6	978.67	893.92
Less : Depreciation		<u>393.51</u>	<u>332.28</u>
Net Block		585.16	561.64
Capital Work-in-Progress		91.26	61.97
2. INVESTMENTS		—	—
3. CURRENT ASSETS, LOANS & ADVANCES			
A) Inventories	7	172.38	139.85
B) Sundry Debtors	8	159.54	141.19
C) Cash & Bank Balances	9	19.55	14.13
D) Loans & Advances	10	<u>113.75</u>	<u>105.54</u>
		465.22	400.71
Less : Current Liabilities & Provisions	11	<u>310.62</u>	<u>242.27</u>
Net Current Assets		154.60	158.44
TOTAL		<u>831.02</u>	<u>782.05</u>
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

Place : Gurgaon
Dated : 21st May, 2011

B.M. Jhamb
Company Secretary

Anup Singh
Satish Sekhri
Directors

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Schedule No.	Year ended March 31, 2011 (Rs. in Crores)	Year ended March 31, 2010 (Rs. in Crores)
INCOME			
Sales	12	1424.35	1066.75
Less : Excise Duty		<u>116.38</u>	<u>72.20</u>
		1307.97	994.55
Other Income		<u>21.64</u>	<u>18.21</u>
		<u>1329.61</u>	<u>1012.76</u>
EXPENDITURE			
Manufacturing & Other Expenses	13	1190.55	916.16
Financial Charges	14	<u>50.12</u>	<u>38.48</u>
		<u>1240.67</u>	<u>954.64</u>
Profit before Depreciation		88.94	58.12
Depreciation		64.59	56.83
Profit after Depreciation		24.35	1.29
Provision for Taxation		13.85	6.83
Provision for Deferred Tax		(1.38)	(0.23)
Provision for MAT Credit Receivable		(1.45)	—
Profit after Tax		13.33	(5.31)
Previous Year Income Tax		<u>(0.03)</u>	<u>0.40</u>
Amount Available for Appropriations		<u>13.30</u>	<u>(4.91)</u>
APPROPRIATIONS			
Proposed Dividend on Equity Shares		5.67	6.71
Corporate Dividend Tax		0.92	1.13
Transferred to General Reserve		3.75	1.53
Balance carried over to Balance Sheet		<u>2.96</u>	<u>(14.28)</u>
		<u>13.30</u>	<u>(4.91)</u>
EARNING PER SHARE (Equity Shares, par value Re.1/- each)			
Basic (Rupee)		1.02	(0.39)
Diluted (Rupee)		0.98	(0.37)
Number of Shares considered for computing Earning Per Share			
Basic		130334781	125593959
Diluted		135285000	132600890
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

Place : Gurgaon
Dated : 21st May, 2011

B.M. Jhamb
Company Secretary

Anup Singh
Satish Sekhri
Directors

SCHEDULES TO CONSOLIDATED BALANCE SHEET

	As at March 31, 2011 (Rs. in Crores)	As at March 31, 2010 (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		
13,52,85,000 Equity Shares of Re.1/- each fully paid up (Previous year 12,88,55,000 Equity Shares of Re.1/- each) (Out of above 53,58,500 Equity Shares of Rs.10/- each were allotted as fully paid-up Bonus Shares by Capitalisation of Share Premium Reserve during the year 2001-02)	13.53	12.89
	<u>13.53</u>	<u>12.89</u>
Schedule 1A – Warrants		
Current year Nil (Previous year 64,30,000 Warrants @ Rs.4.40) (Refer Note No. 4 of Notes on Accounts)	—	2.83
	<u>—</u>	<u>2.83</u>
Schedule 2 – Share Application Money		
Current year Nil (Previous year 65,00,008 Shares @ Rs.10.00)	—	3.25
	<u>—</u>	<u>3.25</u>
Schedule 3 – RESERVES AND SURPLUS		
CAPITAL RESERVE	#	#
# On Forfeited Shares & NCDs – Rs.34785/-		
STATE CAPITAL SUBSIDY	0.20	0.20
SHARE PREMIUM ACCOUNT	145.03	134.43
CAPITAL REDEMPTION RESERVE	2.00	2.00
EXCHANGE EQUALISATION RESERVE	(0.05)	(0.11)
HEDGING RESERVE	(0.02)	(0.02)
GENERAL RESERVE		
As per last Balance Sheet	91.29	89.76
Add : Transferred from Profit & Loss Account	3.75	1.53
	<u>95.04</u>	<u>91.29</u>
SURPLUS		
As per last Balance Sheet	58.04	66.40
Add : Dividend Received (Inter-group)	4.78	5.92
Add : Transferred from Profit & Loss Account	2.96	(14.28)
	<u>65.78</u>	<u>58.04</u>
	<u>307.98</u>	<u>285.83</u>

SCHEDULES TO CONSOLIDATED BALANCE SHEET (CONTD.)

	As at March 31, 2011 (Rs. in Crores)	As at March 31, 2010 (Rs. in Crores)
Schedule 4 – LOAN FUNDS		
SECURED LOANS		
a) Term Loan from Banks:		
Foreign Currency Loan	10.81	8.09
Rupee Loan	309.10	243.23
b) Working Capital Loans from Banks:		
Foreign Currency Loan	17.60	17.16
Rupee Loan	66.51	88.36
c) Other Loans & Advances:		
(1) From Banks	0.26	0.42
(2) From Companies	0.78	1.05
UNSECURED LOANS		
From Banks:		
Foreign Currency Loan	63.76	55.24
Rupee Loan	6.00	28.00
Others	0.37	—
	475.19	441.55

SECURED LOANS

a) Term Loans:

Foreign Currency ECB Loan, USD Loan and Rupee Term Loans are secured by hypothecation of movable fixed assets both present & future (Other than those exclusively charged to the banks mentioned in (b) hereunder), of the Company ranking first pari-passu charge basis among Axis Bank Limited, Citibank N.A., IDBI Bank Limited, Export-Import Bank of India, Kotak Mahindra Bank Limited, State Bank of Hyderabad, State Bank of Patiala, Standard Chartered Bank and Yes Bank Limited. These Loans are also secured by mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon ranking pari-passu charge basis amongst the said banks except that of USD / INR Loan equivalent to Rs.50.00 Crores from Export Import Bank of India, Rupee Term Loan/Non Funded Limit of Rs.40.00 Crores from State Bank of Hyderabad, Rupee Term Loan of Rs.50.00 Crores from State Bank of Patiala and Rupee Term Loan from Axis Bank Limited for Rs.25.00 Crores which are yet to be secured by mortgage of deposit of title deeds of abovesaid properties of the Company. 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. Rupee Term Loan and Capex non funded limits in Rico Jinfei Wheels Limited is secured by exclusive first charge by hypothecation of movable fixed assets and mortgaged by way of deposit of title deeds of immovable property of that Company and further secured by second charge on current assets of the said Company.

b) Capex – Non Funded Facilities:

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

c) 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. Working Capital and non funded limits in Rico Jinfei Wheels Limited is secured by exclusive first charge by hypothecation of current assets of that Company and further secured by second charge on all the movable and immoveable assets of the said Company.

d) Other Loans:

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

SCHEDULES TO CONSOLIDATED BALANCE SHEET (CONTD.)

UNSECURED LOANS

Unsecured Foreign Currency Loans are Buyer's Credit Facility taken from various Banks located outside India under secured Non-Funded Facilities sanctioned and guaranteed by Banks in India viz. Axis Bank Limited, DBS Bank Limited, State Bank of Patiala, Standard Chartered Bank and Yes Bank Limited. It also includes a Packing Credit Foreign Currency Facility taken from Kotak Mahindra Bank Limited. Whereas in case of Rico Jinfei Wheels Limited, unsecured foreign currency loan in the form of Buyers' Credit Facility taken from a bank outside India is under secured non funded facility sanctioned and guaranteed by Axis Bank Limited.

	As at March 31, 2011 (Rs. in Crores)	As at March 31, 2010 (Rs. in Crores)
Schedule 5 – DEFERRED TAX LIABILITY		
As per last Balance Sheet	35.70	35.93
Add/(Less) : Provision for the year	(1.38)	(0.23)
	34.32	35.70

Schedule 6 – FIXED ASSETS

(Rs. in Crores)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as on 31.03.10	Addition during the year	Sale/Trf. during the year	Total Cost as on 31.03.11	Up to 31.03.10	For the year	On Sale/ Transfer	Up to 31.03.11	As on 31.03.11	As on 31.03.10
LAND	16.70	4.87	—	21.57	—	—	—	—	21.57	16.70
LAND (LEASE HOLD)	38.65	0.46	0.00	39.11	0.24	0.13	—	0.37	38.74	38.41
BUILDINGS	82.98	6.94	0.78	89.14	17.72	3.07	—	20.79	68.35	65.26
FURNITURE & FIXTURES	7.29	0.10	—	7.39	4.32	1.01	—	5.33	2.06	2.97
PLANT & MACHINERY	703.09	79.22	9.47	772.84	278.26	56.32	2.58	332.00	440.84	424.83
OFFICE EQUIPMENT	31.36	2.81	0.10	34.07	23.47	2.39	0.09	25.77	8.30	7.89
VEHICLES	13.85	1.62	0.92	14.55	8.27	1.67	0.69	9.25	5.30	5.58
TOTAL	893.92	96.02	11.27	978.67	332.28	64.59	3.36	393.51	585.16	561.64
PREVIOUS YEAR	791.78	110.39	8.25	893.92	281.22	56.83	5.77	332.28	561.64	510.56

CAPITAL WORK-IN-PROGRESS

Capital Work-in-Progress	90.99	51.31
Pre-Operative Expenses	0.27	10.66
Total	91.26	61.97

Note: Additions in Fixed Assets during the year include Rs.1.34 Crores (Previous year Rs.1.58 Crores) on account of capitalisation of borrowing cost and Rs.0.28 Crore (Previous year Rs.2.13 Crores) on account of foreign exchange fluctuation.

Pre-Operative Expenses

Personnel Expenses	0.20	1.01
Labour & Staff Welfare	0.02	0.02
Rent	0.04	3.37
Rates & Taxes	0.10	0.10
Travelling & Conveyance	0.19	0.63
Other Expenses	0.13	0.74
Technical Know How	1.74	4.03
Financial Charges	0.01	0.73
Taxation	—	0.03
Total	2.43	10.66
Less : Allocated to Capital Work in Progress (Building Under Construction)	2.16	—
Net Balance	0.27	10.66

SCHEDULES TO CONSOLIDATED BALANCE SHEET (CONTD.)

	As at March 31, 2011 (Rs. in Crores)	As at March 31, 2010 (Rs. in Crores)
Schedule 7 – INVENTORIES		
(As valued and certified by the Management – Cost or Realisable Value whichever is less)		
Goods in Transit	19.86	16.15
Stores & Spares	42.71	39.99
Raw Material & Components	46.63	32.46
Work-in-Process	41.85	35.33
Finished Goods	21.33	15.92
	172.38	139.85
Schedule 8 – SUNDRY DEBTORS		
(Unsecured considered good)		
Debts outstanding for a period exceeding six months	1.72	7.70
Less : Provision for Doubtful Debts	—	1.04
	1.72	6.66
Other Debts	157.82	134.53
	159.54	141.19
Schedule 9 – CASH AND BANK BALANCES		
1. Cash in hand	0.22	0.19
2. Cheques in hand	—	0.90
3. Balances with Scheduled Banks		
a) In Current Accounts	18.96	12.65
b) In Dividend Accounts	0.37	0.39
	19.55	14.13
Schedule 10 – LOANS AND ADVANCES		
(Unsecured considered good)		
a) Advances recoverable in cash or in kind or for value to be received	100.18	90.70
Less : Provision for doubtful advances	0.17	0.17
	100.01	90.53
b) Security Deposits	4.81	4.57
c) Advance Income Tax (Net)	7.48	10.44
d) MAT Credit Receivable	1.45	—
	113.75	105.54

SCHEDULES TO CONSOLIDATED BALANCE SHEET (CONTD.)

	As at March 31, 2011 (Rs. in Crores)	As at March 31, 2010 (Rs. in Crores)
Schedule 11 – CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
a) Sundry Creditors		
1) Due to Micro, Small & Medium Enterprises	4.63	3.11
2) Others	218.69	165.24
b) Other Liabilities		
1) Expenses payable	62.21	50.94
2) Income Tax deducted at source payable	1.54	1.32
3) Interest accrued but not due	1.75	2.33
4) Other Statutory Liabilities	5.84	4.30
5) Unclaimed Dividends	0.37	0.39
PROVISIONS		
c) Proposed Dividend	5.67	6.71
d) Provision for Income Tax (Net of Advance Tax)	8.98	6.78
e) Provision for Corporate Dividend Tax	0.92	1.13
f) Fair Valuation/Derivative Liabilities	0.02	0.02
	<u>310.62</u>	<u>242.27</u>

SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT

	Year ended March 31, 2011 (Rs. in Crores)	Year ended March 31, 2010 (Rs. in Crores)
Schedule 12 – SALES & OTHER INCOME		
Sales (TDS Rs.3,69,61,581/- Previous year Rs.3,44,32,930/-)	1420.24	1063.85
Miscellaneous Sales	4.06	2.84
Job Work (TDS Rs.1,53,928/- Previous year Rs.70,561/-)	0.05	0.06
	<u>1424.35</u>	<u>1066.75</u>
Miscellaneous Income	11.67	8.88
(TDS Rs.1,25,15,531/- Previous year Rs.83,69,732/-)		
Foreign Exchange Fluctuation & Gains	0.35	9.33
Profit on Sale of Assets (Net)	9.62	0.00
	<u>21.64</u>	<u>18.21</u>
	<u>1445.99</u>	<u>1084.96</u>

SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT (CONTD.)

	Year ended March 31, 2011 (Rs. in Crores)	Year ended March 31, 2010 (Rs. in Crores)
Schedule 13 – MANUFACTURING & OTHER EXPENSES		
Raw Material & Components Consumed	830.72	609.91
Add : Opening Stock		
Work-in-Process	35.33	28.40
Finished Goods	15.92	29.53
	51.25	
	881.97	667.84
Less : Closing Stock		
Work-in-Process	41.85	35.33
Finished Goods	21.33	15.92
	63.18	
	818.79	616.59
Stores & Spares Consumed	62.00	58.81
Power & Fuel	85.92	68.58
Repair & Maintenance (Machineries)	3.78	3.32
Personnel Expenses	141.08	100.60
Contribution to Provident & other Funds	5.65	4.03
Labour & Staff Welfare	4.18	4.18
Rent	2.10	0.55
Rates & Taxes	1.57	1.42
Directors' Sitting Fees	0.03	0.03
Commission to Directors	0.21	0.13
Insurance	1.29	1.71
Travelling & Conveyance	4.10	3.17
Auditors' Remuneration*	0.36	0.29
Advertisement & Publicity	0.28	0.25
Sales Promotion	0.23	0.28
Repair & Maintenance (Buildings)	1.29	0.82
Repair & Maintenance (Others)	2.47	1.96
Charity & Donation	0.24	0.14
Other Expenses	53.57	48.36
Technical Know How	0.93	0.26
Loss on Sale of Assets (Net)	—	0.60
Previous year Expenses (Net)	0.48	0.08
	1190.55	916.16
Note: * Auditors' Remuneration includes payments/provisions for :		
Audit Fee	0.27	0.22
Tax Audit Fee	0.02	0.02
Income Tax Matters	0.02	0.01
Other Capacity	0.03	0.03
Expenses Reimbursed	0.02	0.01
	0.36	0.29
Schedule 14 – FINANCIAL CHARGES		
Term Loan Interest	27.41	20.56
Interest to Banks & Others	25.15	20.38
Total Financial Charges	52.56	40.94
Less : Interest Received	2.44	2.46
(TDS Rs. 83,44,340 Previous year Rs. 80,71,616/-)	50.12	38.48

Schedule 15 – ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting Policies

a) Principles of Consolidation:

- i) The Consolidated Financial Statements relate to Rico Auto Industries Limited (the Parent Company), Rico Auto Industries Inc., USA (Wholly Owned Subsidiary Company incorporated in USA), Rico Auto Industries (UK) Limited (Wholly Owned Subsidiary Company incorporated in U.K.), FCC Rico Limited (a Joint Venture Company), Rico Jinfei Wheels Limited (a Joint Venture & Subsidiary Company), Continental Rico Hydraulic Brakes India Private Limited (a Joint Venture Company), Magna Rico Powertrain Private Limited (a Joint Venture Company), Rasa Autocom Limited (Wholly Owned Subsidiary Company), RAA Autocom Limited (Wholly Owned Subsidiary Company), Uttarakhand Automotives Limited (Wholly Owned Subsidiary Company) & KRP Auto Industries Limited (a Joint Venture & Subsidiary Company).
- 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.

b) 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 (an Overseas Subsidiary Company) and Rico Auto Industries (UK) Limited, U.K. (an Overseas Subsidiary Company) have the Fixed Assets on which depreciation is charged on Straight Line Method basis at the rates and subject to the provisions of the applicable local laws of the respective country.
 - iii) In respect of FCC Rico Limited (a Joint Venture Company) depreciation is provided on Assets put to use, on pro-rata basis on the Written Down Value Method at the rates prescribed in the Schedule XIV of the Companies Act, 1956.
 - iv) In respect of Continental Rico Hydraulic Brakes India Private Limited (a Joint Venture Company) depreciation on fixed assets is provided on the straight-line basis over the estimated useful life of assets at rates, which are either equal to or higher than the rates specified in Schedule XIV to the Companies Act, 1956.
 - v) In respect of Rico Jinfei Wheels Limited (a Joint Venture & Subsidiary Company) and Magna Rico Powertrain Private Limited (a Joint Venture Company) and Rasa Autocom Limited (Wholly Owned Subsidiary Company) depreciation has been charged on pro-rata basis at the Straight Line Method rates as prescribed in schedule XIV of the Companies Act, 1956.
 - vi) In respect of KRP Auto Industries Limited (a Joint Venture & Subsidiary Company) depreciation on assets is provided on Written Down Value method, in accordance with the rates prescribed in Schedule XIV of the Companies Act, 1956.
2. The Company after obtaining the approval of Karnataka Industrial Areas Development Board (KIADB) has transferred on 30th October, 2010 lease hold rights of plot of land measuring 80,937 Sq. Mtrs. situated at Plot No. 283, Bommasandra - Jigani Link Road Industrial Area, Bangalore, to the Joint Venture & Subsidiary Company KRP Auto Industries Limited for a consideration of Rs.20.25 Crores received by way of Equity Shares of the said Company.

3. The Other Income includes an amount of Rs.10.61 Crores being the Profits on transfer of leasehold rights/interests of the Company in the immovable properties at Ambernath (Mumbai).
4. As a temporary support to its Wholly Owned Subsidiary Rasa Autocom Limited, the Company has allowed to utilize its letters of credit limits with Yes Bank Limited to the extent of Rs.5.00 Crores out of which actual utilization was Rs.3.84 Crores. Yes Bank Limited has already given an In-principle Letter sanctioning funded and non-funded limits to Rasa Autocom Limited independently and this arrangement is till its final sanction and disbursement only.
5. Contingent Liabilities:
 - i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs.36.14 Crores (Previous year Rs.19.26 Crores).
 - ii) Bank Guarantees remaining outstanding Rs.4.14 Crores (Previous year Rs.2.49 Crores).
 - iii) Letters of Credit outstanding in favour of suppliers Rs.34.22 Crores (Previous year Rs.30.88 Crores).
 - iv) The Company has given counter guarantees to the extent of Rs.18.27 Crores, Rs.7.20 Crores, Rs.6.72 Crores, Rs.5.81 Crores and Rs.4.31 Crores respectively to Axis Bank Limited, State Bank of Patiala, Standard Chartered Bank, DBS Bank Limited & Yes Bank Limited for the payment of Buyers' Credits arranged through them from Foreign Banks.
 - v) Disputed demands contested in appeals:
 - a) Sales Tax Rs.6.54 Crores (Previous year Rs.7.95 Crores).
 - b) Central Excise & Service Tax Rs.5.83 Crores (Previous year Rs.4.35 Crores).
 - c) Local Area Development Tax (LADT) Rs.0.01 Crore (Previous year Rs.0.01 Crore).
 - d) Income Tax Rs.11.16 Crores (Previous year Rs.1.79 Crores).
 - e) Customs Duty/Show Cause Notice Rs.0.07 Crore (Previous year Rs.0.07 Crore).
 - vi) Surety Bonds executed in favour of the President of India, under Export Promotion Capital Goods Scheme (EPCG) for importing Capital Goods at concessional rate of custom duty, amounting to Rs.121.09 Crores (Previous year Rs.122.19 Crores).
 - vii) Based on favourable judgments in similar cases, legal opinions taken by the Company, discussions with the solicitors, etc. the Company believe that there is fair chance of decisions in favour in respect of the items listed at (v)(a)(b)(c)(d) and (e) above and hence no provision has been considered necessary against the same.
6. 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.
7. Some of the balances under Sundry Creditors, Sundry Debtors and Loan & Advances are subject to reconciliation and confirmation.
8. During the year 64,30,000 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 second & final tranche into 64,30,000 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.8,42,33,000/- collected from the allottee against the allotment of 64,30,000 equity shares, has been utilized for the purpose it has been raised. The Paid-up Share Capital has increased to Rs.13,52,85,000/- after this allotment during the year.

9. 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	99.95%
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:

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

C. Transactions between the Related Parties:

(Rs. in Crores)

Name of the related parties with whom the transactions have been made	Description of relationship with the party	Nature of Transactions	Amount 2010-2011	Amount Outstanding as on 31/03/2011
Rico Auto Industries Inc.,USA	Wholly Owned Subsidiary	Goods Sold Outstanding Receivable	98.93 —	— 31.27
Rico Auto Industries (UK) Limited, U.K.	Wholly Owned Subsidiary	Goods Sold Outstanding Receivable	48.79 —	— 13.13
FCC Rico Limited	Joint Venture	Goods Purchased Goods Sold Outstanding Receivable Job Work Income Received	12.68 68.82 — 0.02	— — 10.67 —
Managing Director/ Joint Managing Director/ other Directors	Key Management Personnel	Remuneration/Commission	2.63	—
Rico Castings Limited	Directors Interested	Goods Purchased Goods Sold Purchase of Machineries Sales of Machineries Outstanding Payable	59.91 1.21 0.95 1.44 —	— — — — 0.27
Rico Jinfei Wheels Limited	Joint Venture & Subsidiary	Goods Purchased Goods Sold Job Work Expenses Loan given during the year Loan given Outstanding (Interest bearing) Interest Received Sale of Machineries Outstanding Receivable	0.14 0.09 0.64 13.46 25.84 2.43 2.06 —	— — — — — — — 25.25
Continental Rico Hydraulic Brakes India Private Limited	Joint Venture	Goods Sold Rent Received for office space Investment in Joint Venture Company Outstanding Receivable	0.67 1.69 10.40 —	— — — 2.38
Magna Rico Powertrain Private Limited	Joint Venture	Goods Purchased Goods Sold Rent Received for office space Investment in Joint Venture Company Outstanding Receivable	0.02 1.46 1.15 4.00 —	— — — — 0.78
Rasa Autocom Limited	Wholly Owned Subsidiary	Goods Sold Loan given during the year Loan given Outstanding (Interest bearing) Interest Received Outstanding Receivable	0.01 6.19 14.01 1.23 —	— — — — 14.03

Transactions 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	0.22 18.29 2.04 —	— — — 18.29
RAA Autocom Limited	Wholly Owned Subsidiary	Loan given during the year Loan given Outstanding (Interest bearing) Interest Received Outstanding Receivable	0.42 4.60 0.49 —	— — — 4.60
Octan Media Limited	Directors Interested	Rent Received for office space	0.02	—
Kapsons Associates Investments Private Limited	Directors Interested	Rent Paid	0.35	—
Kapros Engineering Industries Limited	Directors Interested	Goods Purchased Goods Sold Purchase of Machineries Miscellaneous Sales Sale of Machineries Job Work Expenses Outstanding Payable	0.02 0.29 0.03 1.03 8.31 8.94 —	— — — — — — 0.34
KRP Auto Industries Limited	Joint Venture & Subsidiary	Equity Contribution in Cash	20.25	—
Total		Goods Sold	220.27	—
		Goods Purchased	72.77	—
		Job Work Expenses	9.58	—
		Job Work Income Received	0.02	—
		Interest Received	6.19	—
		Rent Received for office space	2.86	—
		Purchase of Machineries	0.98	—
		Miscellaneous Sales	1.03	—
		Sales of Machineries	11.81	—
		Rent Paid	0.35	—
		Investment in Joint Ventures/ Subsidiary	34.65	—
		Loan given during the year	20.29	—
		Loan Outstanding (Interest bearing)	62.74	—
		Remuneration/Commission	2.63	—
		Outstanding Receivable	—	120.40
		Outstanding Payable	—	0.84

10. The Profit & Loss Account of the Company includes Net Loss of Rs.1.02 Crores (Previous year Net Profit of Rs.6.48 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)	(2.79)	3.07
Profit/(Loss) recognized on Exports (Net)	1.23	(5.34)
Profit/(Loss) on Buyers' Credits & Forward Contracts	(0.12)	6.09
Profit/(Loss) earned on Foreign Currency Loan	0.66	2.66
Total Amount (Net)	(1.02)	6.48

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

Particulars		Year ended March 31, 2011	Year ended March 31, 2010
Net Profit after Income Tax (Rs. in Crores)	(A)	13.30	(4.91)
No. of Equity Shares (Weighted average)			
– Basic	(B)	13,03,34,781	12,55,93,959
– Diluted/Adjusted	(C)	13,52,85,000	13,26,00,890
Nominal Value per Equity Share (Rupee)		1	1
Earning Per Share before extra ordinary items (Rupee)			
– Basic	(A)/(B)	1.02	(0.39)
– Diluted/Adjusted	(A)/(C)	0.98	(0.37)
Earning Per Share after extra ordinary items (Rupee)			
– Basic	(A)/(B)	1.02	(0.39)
– Diluted/Adjusted	(A)/(C)	0.98	(0.37)

13. 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	(Amount in Rupees)			
	Current Year		Previous Year	
	Interest Amount	Balance as on 31.03.2011	Interest Amount	Balance as on 31.03.2010
Century NF Castings	—	2397639.38	—	1220367.85
Jayem Auto Industries Private Limited	—	85289.25	—	33186.23
Amar Auto	—	464655.64	—	—
Airtech Services	—	56080.44	—	—
Aquaion Technology Inc.	—	13800.00	—	—
Bansal Brothers	—	14700.00	—	—
Consul Consolidation Private Limited	—	172306.28	—	—
Century Metal Recycling Private Limited	—	6947887.15	—	—
GBM Manufacturing Private Limited	—	40101.65	—	—
Gala Precision Engineering Private Limited	—	653998.76	—	—
Metals India	—	473818.00	—	33712.00
Silcarb Recrystallized Private Limited	—	979252.02	—	1165348.76
KJK Poly Diamonds International Private Limited	—	2987.04	—	43883.73
Saideep Fabricators	—	725942.00	—	—
Lubrikote Specialities	—	1203003.50	—	—
Marshall Castings Limited	—	449372.98	—	433558.50
Mercury Fittings Private Limited	—	—	—	229512.24
M.M. Engineering Works Private Limited	—	323243.71	—	—

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 31.03.2011	Interest Amount	Balance as on 31.03.2010
Mettherm Furnaces	—	485067.00	—	—
Nicks Auto Industries Private Limited	—	24244895.07	—	6860964.54
Jaycee Steels Industries	—	—	6806.30	1752762.80
Balaji Aluminium Alloys Private Limited	—	—	—	13096552.95
Branopac India Private Limited	—	76412.62	—	147538.40
Carbo Tools & Gauges (I) Private Limited	—	—	—	230733.41
Gargi Huttenes-Albertus Private Limited	—	38101.88	—	81224.22
Victor Reinz India Private Limited	—	604438.49	—	12088.77
Kelleys Engineering Works	—	134838.00	—	638577.00
RAS Tek Private Limited	—	22837.80	—	556457.33
Selvee Engineering Services	—	227986.32	—	343219.80
Surtec Chemicals India Private Limited	—	157508.40	—	154566.72
VAP Induction (India) Private Limited	—	19629.96	—	10267.00
Star Circlip & Engg. Limited	—	—	—	123015.00
Wrap India	—	—	—	67685.00
Shri Balaji Industries	—	—	37.00	—
Atop Fastners Private Limited	—	—	—	64573.00
Special Washer India Private Limited	—	—	—	15301.00
TKW Fasteners Private Limited	—	1764981.00	—	86140.00
MRA Metals Private Limited	—	2610932.00	—	1462176.00
STJ Electronics Private Limited	—	—	—	1003.00
Yash Deep Automotives Private Limited	—	47728.00	—	911454.00
Helical Springs	—	22649.00	—	60224.00
HGI Automotives Private Limited	—	428734.00	—	4541204.00
Krison Engg. Works	—	—	—	76184.00
Hind Hydraulics & Engineering	—	—	—	10582.00
A.P Engineering Works	—	—	38.00	—
Cenclub Systems	—	—	148.00	—
B.S. Enterprises	776.00	—	910.00	—
Shiva Automat	—	40809.00	—	200268.00
Fair Fabrico	—	159865.00	—	43017.00
AAR Cee Auto Components	9282.00	—	—	—
Bando India Private Limited	588.00	4083140.00	—	—
C.K. Enterprises	4557.00	6583.00	—	—
Dilip Industries	182.00	—	—	—
E.G. Kantawalla Private Limited	—	17213.00	—	—
Great Eastern Impex Private Limited	293.00	—	—	—
Puma Lift Trucks Private Limited	982.00	33518.00	—	—
Sai Engineering Works	—	69887.00	—	—
Saluja Tools Private Limited	1464.00	757.00	—	—
Schenck Rotec India Limited	—	16214.00	—	—
Trident Services Private Limited	—	4806.00	—	—
Jain Industrial Products	—	1014193.00	—	280166.00
Dyna Tech	—	53550.00	485.82	—
Angelantoni Kasco Industries Private Limited	—	—	5122.85	49000.00
Ascent Engineering	—	—	7244.88	49800.00
Marshal Castings Limited	—	—	144.58	5092.00
Total	18124.00	51391352.34	20937.43	35091406.25

- ii) The amount of interest accrued & remaining unpaid at the end of the financial year 2010-2011 is mentioned above as para (i).
 iii) There is no any interest remaining due & payable for any of the earlier years.

14. Segment wise Revenue, Results and Capital Employed:

(Rs. in Crores)		
Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Segment Revenue		
a) Domestic	1326.43	995.20
b) Overseas		
– USA	99.94	100.16
– UK	50.10	31.54
Total Income from Operations	1476.47	1126.90
Less : Inter Segment Revenue (USA)	98.71	84.85
Less : Inter Segment Revenue (UK)	48.15	29.29
Net Income	1329.61	1012.76
Segment Results (Profit before Tax & Interest from each Segment)		
a) Domestic	70.78	38.22
b) Overseas		
– USA	1.93	0.92
– UK	1.76	0.63
Total	74.47	39.77
Less : Interest (Net)	50.12	38.48
Total Profit before Tax	24.35	1.29
Capital Employed (Segment Assets less Segment Liabilities)		
a) Domestic	819.57	773.01
b) Overseas		
– USA	9.19	8.05
– UK	2.26	0.99
Total Capital Employed in Segments	831.02	782.05

15. Deferred Tax (Assets)/Liabilities of Rs.(1.38) Crores [Previous year Asset Rs.(0.23) Crore] for the current year has been charged to current year's profit. Deferred Tax (Assets)/Liabilities is mainly on account of timing difference in depreciation and business loss. The component of Deferred Tax (Assets)/Liabilities are as under:

(Rs. in Crores)		
Particulars	Current Year	Previous Year
Deferred Tax on Depreciation and Business Loss	9.72	10.96
Less: Tax Paid under MAT	0.32	0.32
Less: Deferred Tax Assets	8.57	9.36
Less: Gratuity payable & Leave Encashment	1.52	0.85
Less: Bonus	0.63	0.64
Less: Warranty Claims	0.04	(0.01)
Less: Loss on Sale of Fixed Assets	0.02	(0.02)
Less: Preliminary Expenses	0.00	0.02
Less: Exchange Difference on Fixed Assets	0.00	0.03
Deferred Tax Assets	(1.38)	(0.23)

16. Disclosure requirement in respect of Subsidiary/Joint Venture Companies have been disclosed to the extent available from their audited/unaudited accounts.
17. 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

(Actual Production in Nos.)

CLASS OF GOODS	Year ended March 31, 2011	Year ended March 31, 2010
AUTO PARTS	64444325	53811025
DIES & MOULDS	519	428
TRADING GOODS	265329	96668
OTHERS	62914693	19188926

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	362566	3.42	87678	0.95	63951721	1363.69	53536137	214.80	855170	4.73	362566	3.42
DIES & MOULDS	—	—	8	0.08	519	24.81	436	20.64	—	—	—	—
TELEMARKETING & DATA ENTRY	—	—	—	—	—	—	—	0.06	—	—	—	—
TRADING GOODS	29103	2.34	—	—	260992	27.32	67565	7.58	33440	2.69	29103	2.34
OTHERS	218365	1.33	62271	1.06	62149480	38.85	19032832	25.31	983578	1.25	218365	1.33
JOB WORK	—	—	—	—	—	0.84	—	0.45	—	—	—	—

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

(Quantity in Kgs. & Value Rs. in Crores)

	Year ended March 31, 2011		Year ended March 31, 2010	
	Quantity	Value	Quantity	Value
ALUMINIUM ALLOY	19942122	218.36	15069321	140.35
PIG IRON & STEEL SCRAP	26414897	65.28	22162901	57.21
OTHER MATERIALS & COMPONENTS	—	563.05	—	449.86
STORES AND SPARE PARTS	—	82.40	—	65.79

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, 2011		Year ended March 31, 2010	
	Value	Percentage to Total Consumption	Value	Percentage to Total Consumption
1. ALUMINIUM ALLOY				
Indigenous	218.03	99.85%	122.41	87.22%
Imported	0.33	0.15%	17.94	12.78%
2. PIG IRON & STEEL SCRAP				
Indigenous	65.28	100.00%	57.21	100.00%
Imported	—	—	—	—
3. OTHER MATERIALS & COMPONENTS				
Indigenous	552.43	98.11%	359.49	79.91%
Imported	10.62	1.89%	90.36	20.09%
4. STORES & SPARE PARTS				
Indigenous	76.19	86.77%	57.16	86.77%
Imported	6.21	13.23%	8.64	13.23%

E. CIF VALUE OF IMPORTS

(Rs. in Crores)

	Year ended March 31, 2011	Year ended March 31, 2010
Capital Goods	40.22	41.82
Other Raw Materials and Components	86.29	92.47
Finished Goods	—	2.37
Trading Goods	19.44	7.71
Stores & Spares	7.43	8.96

F. EXPENDITURE IN FOREIGN CURRENCY

(Rs. in Crores)

	Year ended March 31, 2011	Year ended March 31, 2010
Connectivity & Link Charges	—	0.03
Bank Charges against Export	0.02	0.02
Travelling Expenses	0.58	0.58
Books & Periodicals	—	0.00
Professional Charges	0.42	0.37
Repair & Maintenance (Machinery)	0.03	0.02
Membership & Subscription	—	0.01
Royalty	5.62	4.62
Foreign Personnel Deputation Expenses	1.16	1.37
Remittance in Foreign Currency on account of Dividend	2.39	2.96
Others	7.43	3.79

G. EARNING IN FOREIGN CURRENCY

(Rs. in Crores)

	Year ended March 31, 2011	Year ended March 31, 2010
F.O.B. Value of Export	185.60	132.95
Others	10.32	5.04

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

Place : Gurgaon
Dated : 21st May, 2011

B.M. Jhamb
Company Secretary

Anup Singh
Satish Sekhri
Directors

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	Year ended March 31, 2011 (Rs. in Crores)	Year ended March 31, 2010 (Rs. in Crores)
A. Cash Flow from Operating Activities		
Net Profit Before Tax and Extra Ordinary Items	24.35	1.29
Adjustments for:		
Depreciation	64.59	56.83
Loss on Sale of Assets	—	0.60
Provision for Fair Valuation of Forward Contracts/ Derivative Liabilities	0.00	2.80
Interest Paid	50.12	40.94
Profit on Sale of Assets	(9.62)	—
	<u>105.09</u>	<u>101.17</u>
Operating Profit before Working Capital Changes	129.44	102.46
Adjustments for:		
Trade and other Receivables	(28.08)	(46.76)
Inventories	(32.53)	(10.08)
Trade Payable and Provisions	67.41	65.19
	<u>6.80</u>	<u>8.34</u>
Cash Generated from Operations	136.24	110.80
Income Tax Payment for the year	(8.71)	(6.85)
	<u>(8.71)</u>	<u>(6.85)</u>
Cash Flow before Extra Ordinary Items	127.53	103.95
Extra Ordinary Items	—	—
Net Cash from Operating Activities (A)	127.53	103.95
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(125.33)	(122.75)
Sale of Fixed Assets	17.53	1.88
Consolidation (Exchange Fluctuation Reserve)	4.84	5.81
	<u>4.84</u>	<u>5.81</u>
Net Cash used in Investing Activities (B)	(102.96)	(115.06)
C. Cash Flow from Financing Activities		
Proceeds from Long Term Borrowings	133.00	132.33
Repayment of Long Term Borrowings	(64.41)	(65.97)
Repayment of Short Term Borrowings (Net)	(34.94)	(15.88)
Interest Paid (Net)	(50.12)	(40.94)
Proceeds from Issue of Share Capital including Warrant	5.17	11.81
Dividend Paid – Equity Shares	(7.85)	(9.14)
	<u>(7.85)</u>	<u>(9.14)</u>
Net Cash used in Financing Activities (C)	(19.15)	12.21
Net Increase in Cash and Cash Equivalents	5.42	1.10
Cash and Cash Equivalents as at (Opening Balance)	14.13	13.03
Cash and Cash Equivalents as at (Closing Balance)	19.55	14.13

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011 (CONTD.)

Notes:

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

For and on behalf of the Board of Directors

O.P.Aggarwal
Executive Director (Finance)

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

Anup Singh
Satish Sekhri
Directors

Place : Gurgaon
Dated : 21st May, 2011

B.M.Jhamb
Company Secretary

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, 2011 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 : 21st May, 2011

CA. KAWAL JAIN
PARTNER
Membership No.089214

RICO AUTO INDUSTRIES LIMITED

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

ATTENDANCE SLIP

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

NAME AND ADDRESS OF THE SHAREHOLDER

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

I hereby record my presence at the 28th Annual General Meeting of the Company held on Friday, the 30th September, 2011 at 12.00 Noon at 69 KM Stone, Delhi-Jaipur Highway, Dharuhera, Distt. Rewari-122106 (Haryana).

* Applicable for Shareholding in electronic form

** Strike out whichever is not applicable

SIGNATURE OF THE SHAREHOLDER/PROXY**

RICO AUTO INDUSTRIES LIMITED

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

PROXY FORM

DP. Id*	
Client Id*	

Folio No.	
No. of Shares held	

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

as my/our Proxy to attend and vote for me/us and on my/our behalf, at the 28th Annual General Meeting of the Company to be held on Friday, the 30th September, 2011 at 12.00 Noon and/or at any adjournment thereof.

Signature of the Shareholder(s)

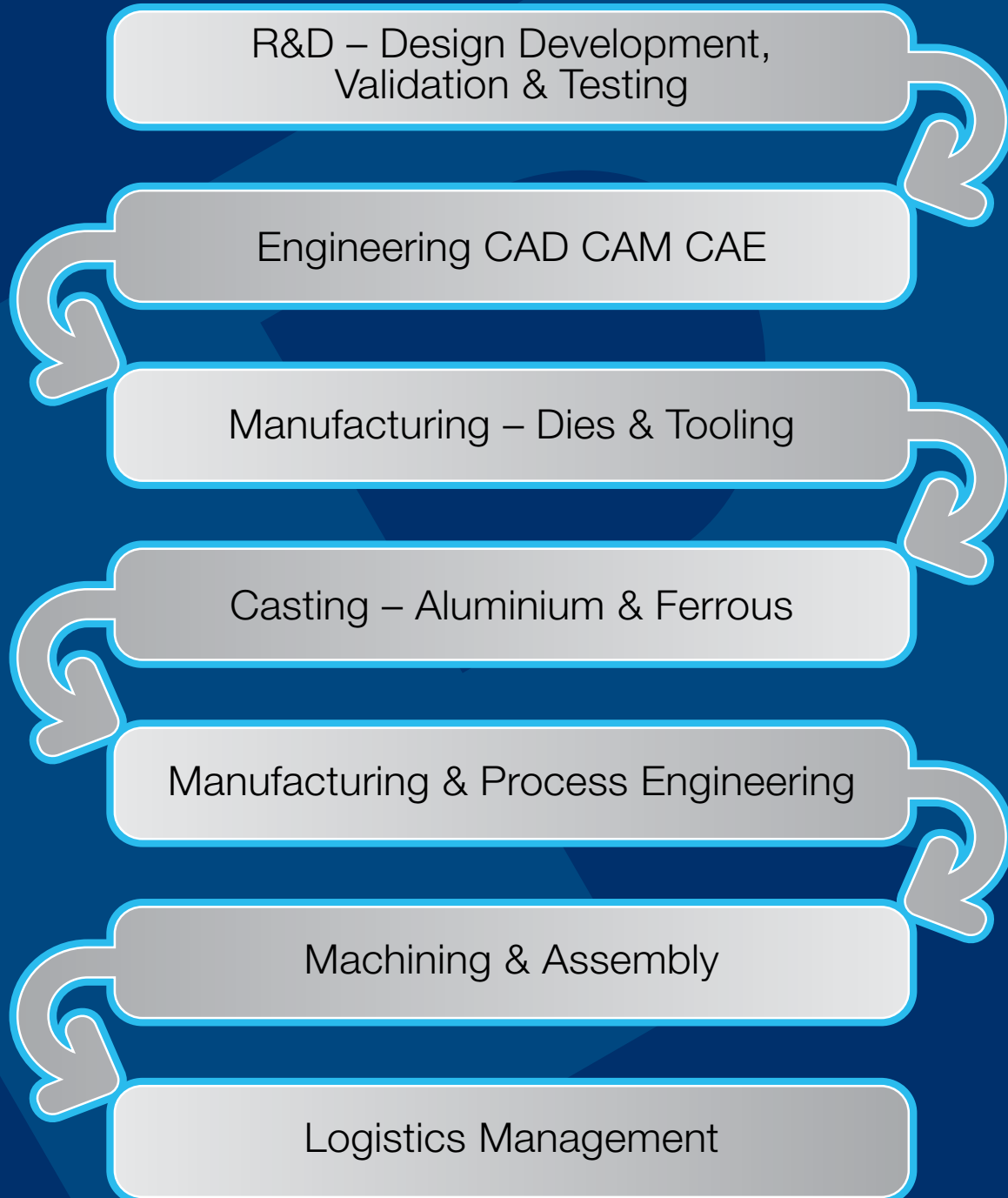
Signed _____ day of _____ 2011

*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

The logo for RICO, featuring the word "RICO" in a bold, blue, sans-serif font. The letters are slightly shadowed, giving them a 3D appearance as if they are floating above the background. The background is a dark blue gradient with a large, faint, light blue geometric pattern of overlapping rectangles and squares on the right side.

RICO

Corporate Office & Gurgaon Plant

RICO AUTO INDUSTRIES LIMITED

38 KM Stone, Delhi - Jaipur Highway

Gurgaon - 122001 Haryana (INDIA)

Phone : +91 124 2824000

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e-mail : rico@ricoauto.com