

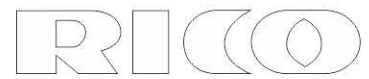
30TH ANNUAL REPORT 2012 - 2013

RICO

RELIABILITY • INNOVATION • COMPETITIVENESS • GLOBALIZATION

RICO





About us

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

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

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

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

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

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

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



Our Vision

To be the preferred supplier to 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

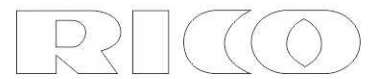
Globalization

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, attitude and skills for higher productivity, product innovations, and relationship development. We, on our part, value their useful suggestions and ideas, which are suitably rewarded and recognised.



Financial Highlights

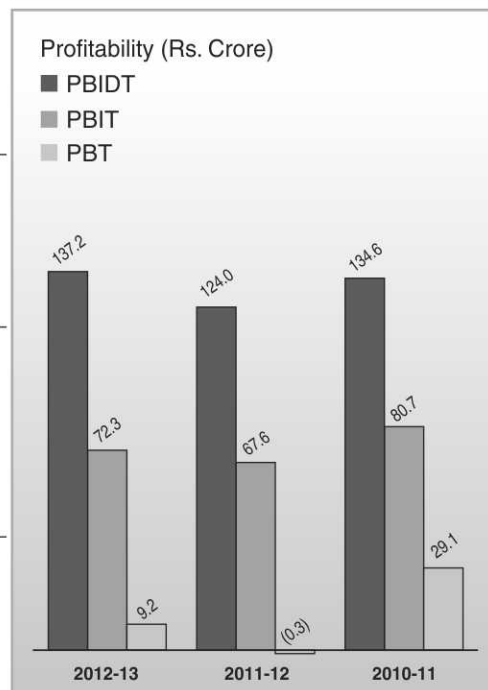
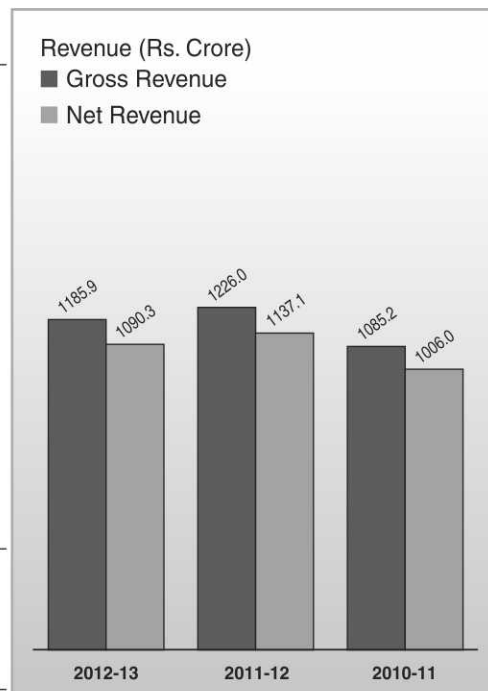
Stand Alone

(Rs in Crores)

Particulars	2012-13	2011-12	2010-11
Gross Revenue	1185.9	1226.0	1085.2
Net Revenue	1090.3	1137.1	1006.0
PBIDT	137.2	124.0	134.6
Depreciation	64.9	56.4	53.9
PBIT	72.3	67.6	80.7
Interest	63.1	67.9	51.6
PBT	9.2	(0.3)	29.0
Income Tax	5.1	0.1	4.8
Deferred Tax	(5.7)	3.6	(0.9)
MAT Credit Receivable	0.0	0.0	(1.4)
Previous Year Income Tax	(0.3)	0.0	0.0
PAT	10.2	(3.9)	26.5
Dividend (Including Tax)	2.4	2.4	3.2
<hr/>			
Gross Fixed Assets (Incl. CWIP)	1025.9	926.1	893.1
Net Fixed Assets (Incl. CWIP)	562.9	519.1	535.3
Net Current Assets*	67.3	146.4	99.4
<hr/>			
Equity Share Capital	13.5	13.5	13.5
Reserves & Surplus	307.6	299.9	306.1
Deferred Tax Liabilities	36.5	38.5	34.9
Total Loan Funds	416.8	428.4	453.5
<hr/>			
Key Ratios (%)			
Operating Margin (PBIDT/Net Revenue)	12.6	10.9	13.4
ROCE (PBIT/Avg. Capital Employed)	9.3	8.5	10.3
RONW (PAT/Avg. Net Worth)	3.2	(1.2)	8.7
<hr/>			
Per Share Data (Rs)			
EPS	0.8	(0.3)	2.0
Cash EPS	5.6	3.9	5.9
Book Value	23.7	23.2	23.6
Dividend (%)	15	15	20

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

Note: Loss of 2011-12 includes Loss on sale of Assets and Investments.
Profit of 2010-11 includes Profit on sale/transfer of land.
Previous year's (2010-11) figures have been re-grouped/re-arranged.



Financial Highlights

Consolidated Group

(Rs in Crores)

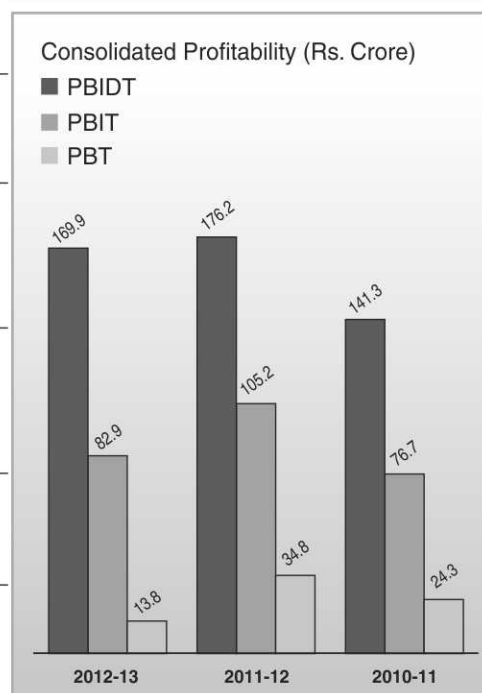
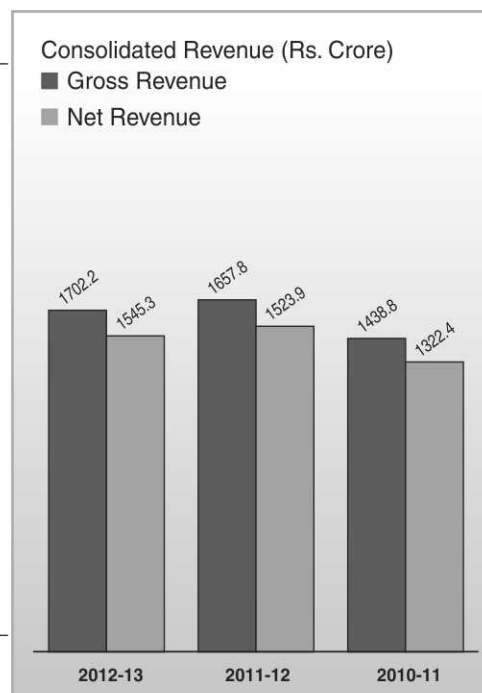
Particulars	2012-13	2011-12	2010-11
Gross Revenue	1702.2	1657.8	1438.8
Net Revenue			
Rico Auto Industries Limited	1090.3	1137.1	1006.0
Rico Auto Industries Inc. USA	78.9	94.6	99.9
Rico Auto Industries (UK) Limited UK	50.8	55.9	50.1
FCC Rico Limited (50%)	431.1	378.4	316.0
Continental Rico Hydraulic Brakes India Pvt. Ltd. (50%)	0.0	15.5	5.5
Magna Rico Powertrain Private Limited (50%)	17.9	10.0	7.0
Rico Jinfei Wheels Limited (92.5%)	50.5	36.3	35.3
Uttarakhand Automotives Limited	0.0	0.0	0.0
Rasa Autocom Limited	9.1	16.8	0.0
RAA Autocom Limited	0.0	0.0	0.0
AAN Engineering Industries Limited	0.0	0.0	0.0
Less : Inter Company Sales	(183.3)	(220.8)	(197.4)
Rico Group Consolidated	1545.3	1523.9	1322.4
PBIDT	169.9	176.2	141.3
PBIT	82.9	105.2	76.7
PBT	13.8	34.8	24.3
PAT	5.4	22.5	13.3
Gross Fixed Assets (Incl. CWIP)	1242.8	1094.3	1070.0
Net Fixed Assets (Incl. CWIP)	729.0	644.9	676.5
Net Current Assets*	125.1	194.3	134.6
Equity Share Capital	13.5	13.5	13.5
Reserves & Surplus	330.5	327.8	308.0
Deferred Tax Liabilities	40.4	38.8	34.3
Total Loan Funds	499.1	479.4	475.3
Key Ratios (%)			
Operating Margin (PBIDT/Net Revenue)	11.0	11.6	10.7
ROCE (PBIT/Avg. Capital Employed)	9.5	12.4	9.5
RONW (PAT/Avg. Net Worth)	1.6	6.8	4.3
Per Share Data (Rs)			
EPS	(0.6)	(0.2)	1.0
Cash EPS	5.8	5.1	5.8

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

Note: Profit of 2011-12 includes Loss on sale of Assets and Investments.

Profit of 2010-11 includes Profit on sale/transfer of land.

Previous year's (2010-11) figures have been re-grouped/re-arranged.



From the Chairman's desk

Dear Shareholders,

The Financial Year 2012-13 continued to throw up new challenges, as the global economic climate remained depressed. The year was marked by global growth deceleration and a sharp decline in international trade. Fiscal tightening coupled with a high rate of unemployment and banking fragility, continued to impact the macro economy.

High interest rates along with an increase in fuel prices, high inflation and rising input costs with rupee volatility, resulted in a challenging year in India too. The year witnessed a decade low GDP growth rate of 5% and a widening of CAD to 4.8% of GDP, a historic high.

The effect of the macro economic climate was felt by the automotive sector, the primary sector served by your Company. Expensive loans and rising fuel costs impacted consumer confidence. Overall the Indian Automotive Industry managed to show a marginal growth of 2.60% in domestic sales in 2012-13, with many verticals recording poor or no growth.

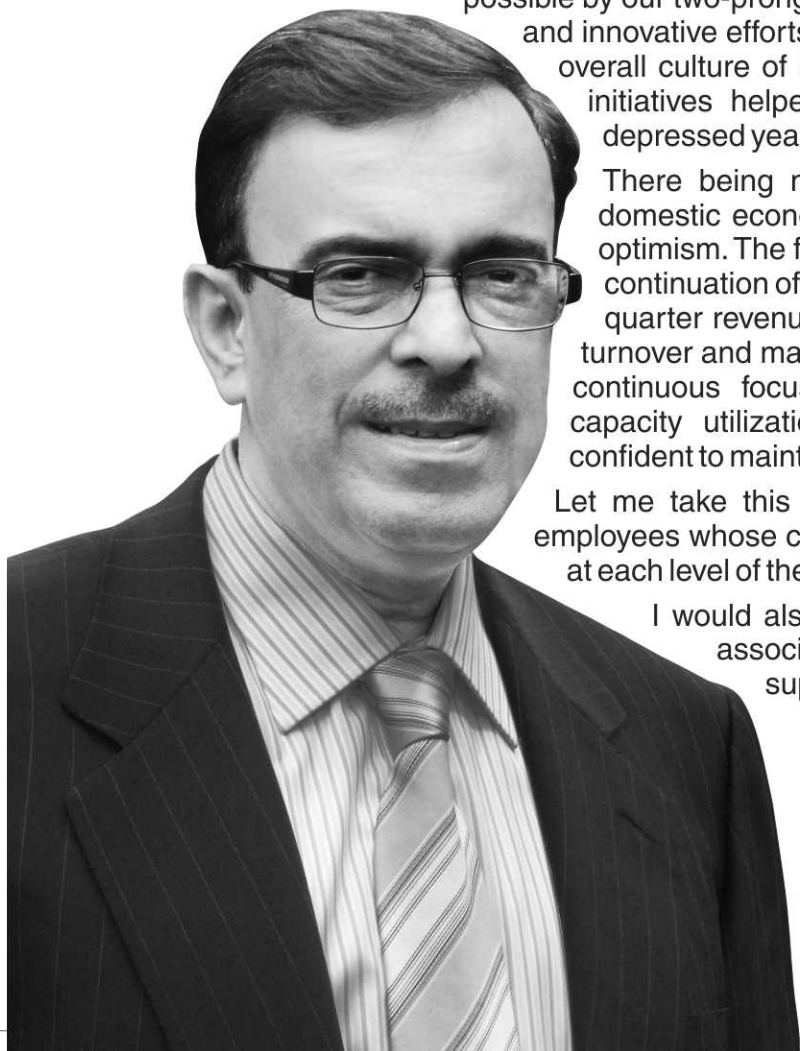
Your Company was able to tide over this challenging year, without a negative impact on its bottom line even though our sales figures were impacted. This was made possible by our two-pronged approach i.e an optimum utilization of capacities and innovative efforts to reduce cycle time in machining together with an overall culture of efficient management and cost control. Both these initiatives helped us to improve profit margins in an otherwise depressed year.

There being no clear directional cues both on the global and domestic economic front, we enter the new fiscal with a cautious optimism. The first quarter of the current financial year has shown a continuation of last year's trend with a marginal decline in quarter on quarter revenues. Steps are, however, being taken to improve the turnover and margins during the remaining part of the year. With our continuous focus on quality, sustained efforts towards efficient capacity utilization and building operational excellence, we are confident to maintain our performance.

Let me take this opportunity to thank each and every one of our employees whose commitment and efforts have gone into adding value at each level of the value chain.

I would also like to thank all our valued customers, business associates and all our stakeholders for their continuous support.

Arvind Kapur
Chairman, CEO & Managing Director



In conversation with the Chairman

Please share with us the key performance highlights for 2012-13 as well as the trends for the next FY.

Overall, the year 2012-13 was marked by an economic slow down and continued inflationary pressures. With the economic growth decelerating to a 10 year low of 5%, the impact was felt across sectors. Persisting inflation saw a reflection in high food and fuel prices.

With global growth decelerating to 3.1% in 2012, the lowest since the global financial crisis in 2009, the impact was pervasive. A sharp decline in global trade from 6% in the previous year to 2.5% in 2012, translated into a dramatic fall in external demand.

The impact of the macro economic variables was felt by the automobile industry, a primary sector served by your Company. High interest rates coupled with increase in fuel prices and high inflation resulted in a challenging year. While overall the Indian Automotive Industry managed to show marginal growth of 2.60% in domestic sales in 2012-13, sales across passenger cars, medium and heavy commercial vehicles and two wheelers were impacted on account of expensive loans and rising fuel prices. Exports have also shown negative growth due to the unfavourable economic climate, both in Europe and North America, which are our primary markets.

We are pleased to inform you that despite the macro economic indicators, your Company was able to tide over a turbulent year without a negative impact on our bottom line. Gross sales showed a minor decline because sales of most of our customers had a dip in volumes. Overall, however, your Company has earned a Profit after Tax (PAT) of Rs. 10.16 crores during the year.

While there may not be any immediate signs of a global and domestic economic recovery, we are geared up towards handling the challenges. Your Company maintains a cautious but optimistic projection for the year 2013-2014. Constant endeavors are being made for expansion of domestic and overseas customer base to optimize utilization of capacity and also to geographically de-risk our operations. We consider ourselves well poised to seize opportunities available to the auto component industry. We are also rationalizing our costs of operations to be in line with the demand from the Automotive Industry.



In conversation with the Chairman

Please take us through the export market performance indices for 2012-13.

An overall global slowdown coupled with a climate of economic uncertainty, saw a negative growth trend for exports to North America, Europe and Asia in 2012-13. The export sales for your Company, have therefore, shown a marginal decline.

Your Company has made a continuous endeavor to add new products and customers across the globe to de-risk its portfolio. In 2012-13 new business was added from various clients with a significant potential to supply to the global markets. Your Company is also building capability and infrastructure to produce more complex and higher value parts in order to build a competitive position in this segment.

The export markets are showing early signs of revival both in USA and Europe. Your Company is confident that it will be able to maintain growth in sales to its overseas customer base. This will primarily be on account of new product launches and ramp-up volumes on programs already launched in the previous years.

During the first quarter of the current fiscal, despite volatility in NAFTA and the European markets, your Company has been able to maintain a positive trend in export sales registering a growth of 6% quarter on quarter.

While a weakening rupee is impacting input costs, at the same time it is rendering our exports more competitive. Your Company will aggressively leverage this advantage, in the current financial year.

What are the key financial highlights on the performance of Joint Ventures?

It gives us great pleasure in informing you that your Company has performed well across its following existing JV's all of whom have shown creditable revenues despite challenging market conditions.

FCC Rico Limited (FCC RICO)

FCC RICO ended financial year 2012-13, with a turnover of Rs.958.03 crores up from Rs.839.19 crores in the same period of last year. It has also begun the current year on a strong note with total revenues of Rs.245.06 crores in first quarter, clocking a 7% increase quarter on quarter.

Its profit has also shown a growth in excess of 21% in 2012-13 over the previous financial year.



In conversation with the Chairman

Rico Jinfei Wheels Limited (Rico Jinfei)

Rico Jinfei ended 2012-13 with a turnover of Rs.61.46 crores, clocking a significant jump of over 42% over the previous financial year. First quarter of the current financial year has registered total revenues of Rs.14.94 crores, clocking a 27% increase quarter on quarter.

Whereas this Company has shown a loss of Rs.14.02 crores in 2012-13 over a loss of Rs.8.69 crores in the previous year, we are optimistic about the potential of this subsidiary and continue to go all out in our efforts to make this a profit making venture by increasing the customer base and utilising the installed capacity.

Magna Rico Powertrain Private Limited (Magna Rico)

Magna Rico ended the financial year 2012-13 with a total turnover of Rs.38.75 crores, a significant increase over the previous year's figure of Rs.21.66 crores. First quarter of the current fiscal has registered total revenues of Rs.10.33 crores, clocking a 39% increase quarter on quarter.

Encouragingly, this Company has also clocked a profit of Rs.0.54 crore in 2012-13 as against a loss of Rs.2.52 crores in the previous year.

Has the year witnessed any Expansion in terms of either increase in capacity or product lines?

Your Company is in the continuous process of expansion of its domestic and overseas customers base by first utilising the current available capacities and also implementing new facilities to enhance capacity in New Technologies which the Company does not have and also geographically de-risking our operations. Your Company has started work for setting-up its:

Bawal Plant

The plant has been set up for New High Tonnage High pressure Die Casting and Machining for Auto parts and assembly. Production has commenced in March, 2013.

Chennai Plant

The Company has been awarded orders for manufacturing of automotive parts and assembly from Automobile OEMs in Chennai. Manufacturing equipments are under planning and ordering. It is planned to start the production in the financial year 2014-15.



In conversation with the Chairman

Pathredi (Bhiwadi) Plant

Site development work is completed. Building construction is deferred to next financial year.

Sanand Plant

At present, in view of low demand by Tata Motors Limited for the component for the Nano Car, the supply is being made from the Company's Gurgaon Plant. Efforts are being made to add more customers so the Plant capacity can be better utilised.

Further, discussions are in progress with M/s. Hero Motocorp Limited for supplies to their up-coming plant at Halol in Gujarat. This Plant, when set-up, will have an annual installed capacity of 1.2 Million units in the initial phase and will ramp up to 1.8 Million units in the next phase.

Please share with us the enterprise wide initiatives that have been taken with respect to employee management and welfare.

Performance driven work culture has been the hallmark at RICO. To facilitate this, we have developed a robust online Performance Management System, with a strong emphasis on objective and quantifiable Key Result Areas. Our focus is on goal accountability and to ensure greater linkages of rewards with results.

As a continuous endeavour to strengthen and develop our workforce, a new organization wide training initiative "Umang" is to be launched this year. True to its name, we are confident that this planned focus on skill enhancement through well planned training interventions related to Technical and Behavioural skills, will help bring about greater zest towards work in our employees and associates.

We are committed towards the principles of employee motivation and engagement. As a part of this initiative, we have organized programs like the Best Workplace Awards, Long Service Awards, Sports activities and Festival celebrations. Our Employee Family Connect Program has gone a long way in forging a strong bond with our employees.

What are the ongoing Corporate Social Responsibility (CSR) initiatives at RICO? What have been the focus areas?

At RICO, we constantly strive towards contributing to the upliftment and development of the communities we operate in. Our CSR Initiatives are focussed towards initiatives



In conversation with the Chairman

related to improvement of general environmental conditions as well as health and economic development of the weaker sections of the society. The ongoing programs initiated by us, encompass:

HIV-AIDS Awareness Camps

RICO organizes mass awareness campaigns on HIV/AIDS with the help of Civil Hospital, Gurgaon, for the industrial workers in its Gurgaon and Manesar plants and nearby localities. These sessions address many myths and misconceptions on issues related to the transmission of HIV. The camps also focus on the precautions and preventive measures to curb its spread.

Tuberculosis (TB) Awareness Sessions

In collaboration with DOTS - Civil Hospital Gurgaon, RICO organizes mass awareness campaigns on Tuberculosis for its various plants and nearby localities. These sessions educate on the preventive measures to arrest the spread of Tuberculosis, as also the various treatments available.

Blood Donation Camp

RICO in partnership with Red Cross Society, Gurgaon and Civil Hospital, Gurgaon organized a Blood donation camp at the Gurgaon Plant. RICO employees came forward for a noble cause, making the camp a great success.

Eye Check-up Camp

A series of eye check-up camps were organized at the various plants and nearby localities of the Company with the help of Centre for Sight Hospital, Gurgaon, Eye Q Hospital, Rewari and Vasan Eye Care Hospital, Gurgaon.

Adopted Industrial Training Institute

We have adopted an Industrial Training Institute for Women at Rewari, that we are operating on a Public Private Partnership (PPP) basis. The Institute is committed to reduce unemployment by providing systematic training to students in different trades, and turn out skilled professionals ready to join diverse industrial organisations.



Our Core Values

Excellence

The power of being the best

Commitment

The power of responsibility, accountability and ownership

Integrity

The power of honesty and transparency

Teamwork

The power of working together

Entrepreneurship

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



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Team and Corporate Information

Board of Directors

Arvind Kapur
Chairman, CEO & Managing Director

Kanwal Monga
Amarjit Chopra
Dr. Ashok Seth
Satish Sekhri
Rakesh Kapur
Prof. Vinod Kumar Bhalla
(Passed away on 06.08.2013)

Arun Kapur
Joint Managing Director

Senior Executives

O P Aggarwal
R S Kundi
N K Sethi
G S Bisht
Surendra Singh
Vivek Hazari
Manjit Singh
Anuj Singhal
Sanjay Syal
R K Miglani
M K Jain
R Dharna

Company Secretary

B M Jhamb

Auditors

Walker, Chandiook & Co
Chartered Accountants
Firm Regn. No. 001076N
New Delhi, India

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 Hongkong & Shanghai Banking
Corporation Limited
Yes Bank Limited

Registered Office & Dharuhera Plant

69 KM Stone, Delhi-Jaipur Highway,
Dharuhera - 122106, District Rewari
Haryana, India

Corporate Office & Gurgaon Plant

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

Share Transfer Agent

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



NOTICE

Notice is hereby given that the 30th ANNUAL GENERAL MEETING of the Members of RICO AUTO INDUSTRIES LIMITED will be held on Monday, the 30th day of September, 2013 at 12.00 Noon at the Registered Office of the Company at 69 KM Stone, Delhi-Jaipur Highway, Dharuhera, Distt. Rewari-122106, Haryana to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2013 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, 2013.
3. To appoint a Director in place of Dr. Ashok Seth, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Satish Sekhri, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors for the financial year 2013-14 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. Walker, Chandiook & Co, Chartered Accountants (Firm Registration No.001076N), the retiring Auditors are eligible for re-appointment.

By Order of the Board
for Rico Auto Industries Limited

Place : Gurgaon
Dated : 12th August, 2013

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 RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING (BY 12.00 NOON ON 28TH SEPTEMBER, 2013).**
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 21/09/2013 to 30/09/2013 (both days inclusive).
3. Dividend to Shareholders as recommended by the Board of Directors for the year ended 31st March, 2013, when declared at the meeting, will be paid:
 - a) to those members whose names 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 20th September, 2013; and
 - b) in respect of shares held in electronic form, to those "beneficiaries" whose names 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 20th September, 2013.

The Company will dispatch the dividend warrants on or after 5th October, 2013 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 final dividend declared by the Company for the financial years 2005-2006 and onwards.
The amount of unpaid or unclaimed dividend relating to the financial year ended 31st March, 1995 to 31st March, 2005, have already been transferred to the IEPF.
c) Pursuant to Circular No. G.S.R.352(E) dated 10th May, 2012 issued by Ministry of Corporate Affairs (MCA) with respect to IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, your Company has uploaded the Form 5INV containing the details of amount of Dividend lying unclaimed/un-encashed, as on the date of last Annual General Meeting, on the website of MCA as well as on its own website www.ricoauto.in.
9. 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 Shares Suspense Account" after sending three reminders to those shareholders whose shares are lying unclaimed. The Company has already sent three reminders to such shareholders and transferred the shares to "Unclaimed Shares Suspense Account" being maintained with the ICICI Bank Limited and the voting rights on such

RIKO AUTO INDUSTRIES LIMITED

shares shall remain frozen till the rightful owner claims the shares. The members who are still holding the Equity Shares of face value of Rs.10/- each or shares of the erstwhile Rico Agrolis Limited are requested to surrender the respective Share Certificate to the Company at its Corporate Office, to enable the Company to issue the Equity Shares of face value of Re.1/- each out of the said account.

10. Members must quote their Folio No./DP ID/Client ID No. and contact details such as e-mail ID, telephone number etc. in all correspondence with the Company/Registrar & Share Transfer Agent (RTA) of the Company.
11. As per the Circulars issued by the Securities and Exchange Board of India (SEBI), it is mandatory to quote PAN for transfer, transmission or transposition of shares in physical form. Therefore, the Shareholders are requested to furnish a self attested copy of their PAN to the Company/Registrar & Share Transfer Agent of the Company.
12. All documents referred to in the Notice 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 (DP), 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

Dr. Ashok Seth

Dr. Ashok Seth Padmashri Awardee, born on 25th October, 1954 was appointed as Director by the Board of Directors on 13th May, 2004 is FRCP (London, Edinburg, Ireland), FACC, FSCAI (USA), FIMSA, D.Sc. (Honoris Causa), D.Litt (Honoris Causa). He is Chairman of Escorts Heart Institute and Research Centre Limited, New Delhi, India. Earlier he was Chairman of the Max Heart & Vascular Institute, New Delhi, India and on the Board of Directors of Max Healthcare. He is the Immediate Past President of Cardiological Society of India, the Vice President of Asia Pacific Society of Cardiology and also on the Board and Founder Governor of numerous international societies.

He is a member of several prestigious international scientific bodies. He is an honorary faculty to various medical colleges in India and Overseas. He has been invited extensively to lecture and teach in numerous international meetings across the World. He is also the Board of Trustees of Society for Cardiovascular Angiography and Interventions (SCAI), USA. He has received numerous awards from National and International Forum, several Lifetime Achievement Awards and also been honoured by the National Award of Spain "Crus De Oficial Con Insignia Orden De Isabel La Catolica".

He is Founder Governor and Honorary Secretary of the Endovascular Intervention Society of India & is Governor/Advisory

Boards and Executive Committees of numerous important International Organizations such as the Asia Pacific Society of Interventional Cardiology, SAARC Cardiac Society and Indo-French Cardiovascular Foundation and Academy of TCT, Washington USA. He is also on Editorial Boards of numerous International Scientific Journals. He is Advisor to ICMR on Task force of developing indigenous Cardiovascular implants. He is also the Member of the Monitoring Committee of CSIR for "Novel Method for Development of B-Type Natriuretic Peptide (BNP) for the diagnosis and treatment of Congestive Heart Failure". He is also Director of the following Companies:

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

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

Item No. 4

Shri Satish Sekhri

Shri Satish Sekhri, born on 28th March, 1950 was appointed as Director by the Board of Directors on 28th May, 2010 is B.E. (Mech.), Delhi College of Engineering, 1971 (First Class with Distinction) & MBA, Chandigarh, 1973 (First Class First in University, Gold Medalist). He has vast experience of 39 years in the field of Automotive Industry. He held the position of Managing Director in Bosch Chassis Systems India Limited, Pune from 1995 to March, 2010. He held the position of Chairman in Precision Seals Manufacturing Limited, Pune upto March, 2010. He is also holding the position of Executive Committee Member of Professional Bodies namely (a) Automotive Component Manufacturers Association; (b) Mahratta Chamber of Commerce, Industries & Agriculture; and (c) CII Pune Zonal Council.

He is also Director of the following Companies:

1. Victor Gaskets India Limited
2. Minda Industries Limited
3. Automotive Axles Limited
4. Kalyani Thermal Systems Limited
5. Minda Distribution & Services Limited

He is member of the Committees of following Companies:

1. Rico Auto Industries Limited
 - i) Budget Committee — Chairman
 - ii) Remuneration Committee — Chairman
 - iii) Audit Committee — Member
 - iv) Investment Committee — Member
2. Victor Gaskets India Limited
 - i) Audit Committee — Member
3. Minda Industries Limited
 - i) Audit Committee — Member
4. Automotive Axles Limited
 - i) Audit Committee — Member
5. Kalyani Thermal Systems Limited
 - i) Audit Committee — Member

He is holding 1501 Equity Shares of the Company.

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

Place : Gurgaon
Dated : 12th August, 2013

B.M. Jhamb
Company Secretary

DIRECTORS' REPORT

To the Shareholders,

Your Directors have pleasure in presenting the 30th Annual Report of your Company, together with the Audited Accounts for the year ended 31st March, 2013.

FINANCIAL RESULTS

Particulars	(Rs. in Crores)	
	Year Ended 31/03/2013	Year Ended 31/03/2012
Gross Sales and other Income	1185.87	1225.48
Net Sales and other Income	1090.30	1136.64
Profit before Interest & Depreciation	137.23	123.95
Interest & Financial Charges	63.08	67.87
Profit before Depreciation and Tax	74.15	56.08
Depreciation	64.94	56.35
Profit before Tax (PBT)	9.21	(0.27)
Provision for Income Tax	4.77	0.08
Provision for Deferred Tax	(5.72)	3.59
Net Profit/(Loss)	10.16	(3.94)
Surplus brought forward from previous years	73.58	79.87
Amount available for appropriations	83.74	75.93
Appropriations:		
Proposed Dividend on Equity Shares @15%	2.03	—
Dividend on Equity Shares @15%	—	2.03
Corporate Dividend Tax	0.34	0.32
Transferred to General Reserve	0.51	—
Balance carried to Balance Sheet	80.86	73.58
	83.74	75.93

Your Company has recorded a turnover of Rs.1185.87 crores in the year under report as against Rs.1225.48 crores in the previous year. Your Company has earned a Profit after Tax (PAT) of Rs.10.16 crores during the year under report over the previous year's loss of Rs.3.94 crores. The loss in the previous year was due to adjustment of exceptional items loss of Rs.11.24 crores and other tax liabilities.

OUTLOOK FOR CURRENT YEAR

The Unaudited Financial Results for the quarter ended 30th June, 2013, already announced, show a turnover of Rs.293.19 crores for the first quarter of the current year against a turnover of Rs.318.97 crores of the corresponding quarter of the previous year. Your Directors are taking steps to improve the turnover and margin during the remaining part of the year.

RESERVES

The reserves of your Company after proposed appropriations shall stand at Rs.307.64 crores as against Rs.299.85 crores in the previous year.

EXPORT

The export turnover of your Company during the period under review was Rs.181.99 crores as against Rs.200.76 crores in the previous year. The export turnover includes sale to wholly owned subsidiaries amounting to Rs.116.56 crores as against Rs.141.08 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, 2013 of current year, export turnover was Rs.52.77 crores as against Rs.49.66 crores in the corresponding quarter of the previous year. Further details as regards efforts of your Company on this front have been dealt with in the Management Discussion and Analysis section of this report.

DIVIDEND

Your Directors have recommended a Dividend @15 per cent i.e. Re.0.15 per Equity Share of Re.1/- each for the financial year 2012-13, amounting to Rs.2.37 crores including dividend tax of Rs.0.34 crore on the Equity Share Capital of Rs.13.53 crores as against a dividend of same percentage i.e. Re.0.15 per Equity Share of Re.1/- each aggregating to Rs.2.35 crores including dividend tax of Rs.0.32 crore in the previous year.

FINANCE

Your Company is rated "A3+" and "BBB" Ratings for Line of Credit (Basel-II) for its Short Term and Long Term Bank Facilities respectively by ICRA Limited. The outlook on the long term rating remains "Stable". Your Company uses long/short term facilities from the Banks on most favourable terms.

NEW PLANTS AND FACILITIES

Your Company is in the continuous process of expansion of its domestic and overseas customers base by first utilising the current available capacities and also implementing new facilities to enhance capacity in New Technologies which the Company does not have and also geographically de-risking our operations. Your Company has started work for setting-up its:

A. Bawal Plant

The plant has been set up for New High Tonnage High pressure Die Casting and Machining for Auto parts and assembly. Production has commenced in March, 2013.

B. Chennai Plant

The Company has been awarded orders for manufacturing of automotive parts and assembly from Automobile OEMs in Chennai. Manufacturing equipments are under planning and ordering. It is planned to start the production in the financial year 2014-15.

C. Pathredi (Bhiwadi) Plant

Site development work is completed. Building construction is deferred to next financial year.

D. Sanand Plant

At present, in view of low demand by Tata Motors Limited for the component for the Nano Car, the supply is being made from the Company's Gurgaon Plant. Efforts are being made to add more customers so the Plant capacity can be better utilised.

Further discussions are in progress with M/s. Hero Motocorp Limited for supplies to their up-coming plant at Halol in Gujarat.

RIKO AUTO INDUSTRIES LIMITED

This Plant, when set-up, will have an annual installed capacity of 1.2 Million units in the initial phase and will ramp up to 1.8 Million units in the next phase.

SUBSIDIARY COMPANIES

Your Company has Wholly Owned Subsidiaries (Unlisted):

A. Rico Auto Industries Inc., USA

This Company is engaged in the business of trading of Auto Components and providing last mile support to customers in the North American and Brazilian Markets.

The Company earned total revenues of Rs.78.89 crores during the financial year ended 31st March, 2013 as against Rs.94.61 crores in the previous year. The Company earned a net profit of Rs.0.80 crore in the financial year ended 31st March, 2013 as against Rs.0.98 crore in the previous year. This Company has not declared any dividend for the financial year ended 31st March, 2013.

This Subsidiary has achieved a turnover of Rs.18.57 crores for the first quarter ended 30th June, 2013 as against Rs.26.64 crores in the corresponding quarter of the previous year, a decrease of 30 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 and providing last mile support to customers for the European Markets.

The Company earned total revenues of Rs.50.75 crores during the financial year ended 31st March, 2013 as against Rs.55.87 crores in the previous year. The Company earned a net profit of Rs.0.72 crore in the financial year ended 31st March, 2013 as against Rs.0.91 crore in the previous year. This Company has not declared any dividend for the financial year ended 31st March, 2013.

This Subsidiary has achieved a turnover of Rs.14.18 crores for the first quarter ended 30th June, 2013 as against Rs.13.46 crores in the corresponding quarter of the previous year, an increase of 5 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.

C. Rasa Autocom Limited

This Company is engaged in the business of manufacturing of Auto Components and recorded a turnover of Rs.10.94 crores during the financial year ended 31st March, 2013 as against Rs.19.78 crores in the previous year. The Company has incurred loss of Rs.8.63 crores in the financial year ended 31st March, 2013 as against the loss of Rs.7.24 crores in the previous year.

Your Company has invested Rs.19.92 crores in the Equity Share Capital during the financial year ended 31st March, 2013 and as on date our investment in Equity Share Capital stood at Rs.20.00 crores.

D. Uttarakhand Automotives Limited

During the year under review, this Company has not started any manufacturing activities. The Company has incurred expenses of Rs.2.71 crores towards administrative and other operating expenses during the financial year 2012-13. The Company has accumulated loss of Rs.10.67 crores as on 31st March, 2013. During the financial year and period under review, your Company has not made any additional investment in this Subsidiary.

E. RAA Autocom Limited

During the year under review, this Company has not started any manufacturing activities. The Company has incurred expenses of Rs.0.21 crore towards administrative and other operating expenses during the financial year 2012-13. The Company has accumulated loss of Rs.1.86 crores as on 31st March, 2013. During the financial year and period under review, your Company has not made any additional investment in this Subsidiary.

F. AAN Engineering Industries Limited

This Company has been set-up to focus on, non-automotive components business, especially for manufacturing and supplying of technical and engineering equipments required for defence, aerospace and homeland security. This Company is in the process of getting AS 9100C Certification for manufacture of aerospace components.

During the year under review, this Company has not started any manufacturing activities. The Company has incurred expenses of Rs.0.32 crore towards administrative and other operating expenses during the financial year 2012-13. The Company has accumulated loss of Rs.0.72 crore as on 31st March, 2013. During the financial year and period under review, your Company has not made any additional investment in this Subsidiary.

JOINT VENTURE COMPANY WHICH IS ALSO SUBSIDIARY

Rico Jinfei Wheels Limited

This Company earned total revenues of Rs.61.46 crores during the financial year ended 31st March, 2013 as against Rs.43.33 crores in the previous year. This Company has incurred a loss of Rs.14.02 crores in the financial year ended 31st March, 2013 as against Rs.8.69 crores in the previous year.

Your Company has invested Rs.21.28 crores in the Equity Share Capital on 11th July, 2012 and as on date our investment in Equity Share Capital stood at Rs.30.53 crores.

JOINT VENTURE COMPANIES

A. FCC Rico Limited

FCC Rico recorded a gross turnover (excluding other income) of Rs.958.03 crores for the financial year ended 31st March, 2013 as against Rs.839.19 crores in the previous year, a growth of 14 per cent. The Board of this Company has recommended a dividend of 75 per cent for the year ended 31st March, 2013. Your Company expects to receive an amount of Rs.2.96 crores by way of dividend on its investment.

Further, this Company has achieved a gross turnover (excluding other income) of Rs.245.06 crores for the quarter

ended 30th June, 2013 as against Rs.228.68 crores in the corresponding quarter of the previous year, an increase of 7 per cent.

B. Magna Rico Powertrain Private Limited

Magna Rico recorded a turnover of Rs.38.75 crores in the financial year ended 31st March, 2013 as against Rs.21.66 crores in the previous year. The Company has earned a net profit of Rs.0.54 crore in the financial year ended 31st March, 2013 as against loss of Rs.2.52 crores in the previous year. During the financial year under review, your Company has invested Rs.2.50 crores in the Equity Share Capital and as on date our investment in the Equity Share Capital stood at Rs.19.62 crores.

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 30th May, 2013, 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 under "Statement pursuant to section 212 and financial summary related to Subsidiary Companies" 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 Certificate from the Practising Company Secretary regarding the compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges.

AUDIT COMMITTEE

Your Company has an Audit Committee to meet the requirement of the Companies Act, 1956 and 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 and the National Stock Exchange of India

Limited. The Annual Listing Fees have been paid for the financial year 2013-14.

UNCLAIMED SHARES SUSPENSE ACCOUNT

Your Company has complied with the requirements of Clause 5A of the Listing Agreement upon transferring the 1523500 Unclaimed Equity Shares of Rupee One each belonging to 6596 folios, into a separate demat account opened with the ICICI Bank Limited in the name of "Rico Auto Industries Limited - Unclaimed Suspense Account". These shares were issued pursuant to the Public Issue, Right Issue, Bonus Issue, on merger of Rico Agroils Limited and sub-division of shares from face value of Rs.10/- each into Re.1/- each. The voting rights on these shares shall remain frozen till the rightful owners of such shares claim the same. The Company will transfer shares from this Suspense Account to the rightful owners as and when they will approach.

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, 2013 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, 2013 and of the profit for the year 1st April, 2012 to 31st March, 2013;
- 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, 2013 have been prepared on a going concern basis.

DIRECTORS

With profound grief, we inform the sad and sudden demise of Prof. Vinod Kumar Bhalla on 6th August, 2013. He was an Independent Director of the Company. The Board of your Company placed on record its appreciation for the valuable guidance received from him during his association with the Company.

Shri Chandra Mohan, Non-Executive Chairman and an Independent Director of the Company since 30th January, 1985, has retired at the conclusion of the last Annual General Meeting held on 29th September, 2012 on completing the age of 75 years as per the policy for retirement age approved by the Board of Directors. The Board of your Company placed on record its appreciation for the valuable guidance received from him during his tenure as a Chairman of the Company.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of your Company, Dr. Ashok Seth and Shri Satish Sekhri, 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.

RIKO AUTO INDUSTRIES LIMITED

AUDITORS

M/s. Walker, Chandio & Co (Firm Registration No.001076N), 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.

COST AUDITORS

The Board in its meeting held on 30th May, 2013 has appointed M/s. J.K. Kabra & Co., Cost Accountants, New Delhi as Cost Auditors to carry out the cost audit of the Company for the financial year 2013-14. The Cost Audit Report for the year 2012-13 would be filed with Hon'ble Ministry of Corporate Affairs, New Delhi within stipulated time.

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 seven years have been transferred by the Company to the IEPF established by the Central Government pursuant to Section 205C of the said Act.

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

As required by the provisions of Section 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.

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 of the Company 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, business associates and shareholders.

On behalf of the Board of Directors

Place : Gurgaon
Dated : 12th August, 2013

Arvind Kapur
Chairman, CEO & MD

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, 2013.

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) Reduced operation of DGs and buying power through open access.
- ii) Installation of Low Tension Shunt Capacitor system for power factor improvement.
- iii) Installation of high efficiency 12 pulse Induction Furnace in replacement of 6 pulse Induction Furnace.
- iv) Reduce energy consumption through:
 - Installation of long life Low Power Consumption Induction Lights.
 - Installation of Low Power Consumption LED Lights.
 - Installation of Tubular day lighting devices on shop floor.
 - Re-cycling of ETP/STP treated water for use in process.

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

- i) Natural Gas supply at new plant locations.
- ii) Solar lighting for buildings and streets.

c) Impact of the above Measures:

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

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

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

B. TECHNOLOGY ABSORPTION

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

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

i) Activities relating to exports: Financial Year 2012-13 saw a negative growth trend for exports to North America, Europe and Asia. The main reason for this was the overall global slowdown and economic uncertainty with many programs falling short of the original projections. Export sales showed a negative 9 per cent growth at Rs.181.99 crores as against Rs.200.76 crores in the previous year. During the first quarter of the current fiscal NAFTA and European market remain very volatile with no clear trend emerging. Automotive sales in the first quarter 2013-14 have also been sluggish compared to the previous quarter. Your Company has been able to maintain a positive trend in export sales registering a growth of 6 per cent quarter on quarter (Q1 2013-14 Rs.52.77 crores compared with Q1 2012-13 Rs.49.66 crores).

ii) Initiatives taken to increase exports: In past few years, there has been a continuous endeavor to add new products with new technologies and customers in our portfolio across the globe. In 2012-13, we were successful in adding new business from various customers with a significant potential to supply to the global markets. 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 of critical and complex parts at competitive prices and manage an extended supply chain to deliver just in time. RICO is building capability and infrastructure to produce more complex and higher value added parts in order to build a competitive position in this segment.

iii) Development of new export markets, products and services: Despite the uncertainty, your Company has been successful to win repeat business from key customers.

iv) Export plans: The export market remains subdued specially in Europe and volatile elsewhere but your Company is confident that it will be able to maintain significant growth in sales to its export customers base. This will primarily be on the back of new product launches and ramp of programs already launched in the previous years.

g) Total foreign exchange used and earned:

(Rs. in Crores)

Particulars	2012-2013	2011-2012
i) CIF value of imports	23.40	17.14
ii) Expenditure in foreign currency	6.77	5.35
iii) Foreign Exchange earned	177.64	196.19

FORM – B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

A. RESEARCH & DEVELOPMENT (R&D)

1. Specific areas in which R&D carried out by the Company:

a) R&D Team took part in Metallurgical Analysis and Physical Property Analysis, trials conducted on various components through new technologies.

b) Value Analysis/Value Engineering (VA/VE): R&D Team actively participated in VA/VE drive of customers and generated cost down ideas for Ferrous and Aluminium components, being supplied to customers.

c) Computer Aided Engineering (CAE) and Computational Fluid Dynamics (CFD): Team worked on customer's Alloy Wheel for CAE & CFD analysis for optimization of Runner-Riser.

2. Benefits derived as a result of R&D:

a) Increase in customer's confidence in RICO R&D's capabilities.

b) Team working and knowledge sharing while working in the cross functional VA/VE team.

RICO AUTO INDUSTRIES LIMITED

3. Future plan of action:
 - a) To pursue the die coating process to enhance the die life.
4. Expenditure on R&D:
 - a) Capital Expenditure (Net of Sale/Disposal) including Capital Work-in-Progress as on 31/03/2013 : Rs.10.47 crores
 - b) Capital Expenditure during the year 2012-13 : Rs.0.08 crore
 - c) Capital Work-in-Progress during the year 2012-13 : —
 - d) Recurring Expenditure : Rs.3.24 crores
 - e) Depreciation : Rs.0.45 crore
 - f) Total (b to e) : Rs.3.77 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 and innovation:
 - While generating VA/VE ideas, competitor's components were analysed for various technical features.
 - While conducting CAE work on Alloy Wheel, the different forces acting on two wheeler wheels were analysed (through literature survey and discussion with customer).
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.
 - Around 120 VA/VE ideas were generated during the workshop and submitted to customer. After their analysis and design change, cost saving can be achieved.
 - Customer had proposed some design change in their Alloy Wheel and requested us to carry out the CAE work. The analysis was done and communicated to the customer. This has helped in confidence building.
3. Details of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), are furnished as under:

Technology Imported:

 - i) 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 Implementation course of action N.A.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

INDUSTRY STRUCTURE AND DEVELOPMENTS

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

During the financial year 2012-13, the domestic automobile sales have recorded an aggregate sales growth of 2.60 per cent at 17.81 million units as against previous year figures of 17.36 million units whereas the export has recorded a negative growth of 1.34 per cent at 2.90 million units against the previous year figures of 2.94 million units. During the financial year 2012-13, the two wheeler segment sale grew marginally by 2.43 per cent with

15.7 million units of sales, compared to 15.4 million units in 2011-12. Motorcycle volumes – which make up the bulk of the industry – grew by just 0.1 per cent from 11.94 million units in 2011-12 to 11.95 million units in 2012-13. The passenger cars segment which includes cars, utility vehicles and vans recorded a growth of 3.27 per cent at 3.24 million units as against 3.13 million units in the previous year.

The Indian Auto Component Industry turnover stood close to US\$ 39.7 Billion for the year 2012-13 over the previous year turnover of US\$ 40.6 Billion, a dip of 2 per cent in Dollar terms. However, in Rupee terms this has gone up. Exports of Auto Components from India during the financial year 2012-13 increased to US\$ 9.7 Billion from US\$ 8.8 Billion compared to previous year 2011-12 with a modest growth of 10 per cent.

OPPORTUNITIES, THREATS AND OUTLOOK

India's Auto Component Industry today has the capability to manufacture the entire range of auto components at comparatively low cost. India is, therefore, emerging as an auto components hub and is expected to play a significant role in the global automotive

supply chains in the coming years. All global auto makers are setting up plants in India to cater to the domestic as well as export markets.

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

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

ECONOMIC OUTLOOK

As discussed in our previous report, the business outlook for 2012-13 was showing early signs of slowdown. As a result, India recorded GDP at a decade low of 5 per cent in 2012-13 compared to 6.2 per cent in the financial year 2011-12. This is mainly due to weakening industrial growth coupled with high interest, rising inflation and a bleak investment scenario. In current fiscal 2013-14, first quarter growth remained flat whereas it is expected that growth would pick-up in the fourth quarter after the growth oriented policy and a favourable economic environment is created to significantly improve customer and investor confidence. The guidance for the current year pegs the economy to grow at below 5 per cent on weak economic data like rising inflation, fiscal deficit, volatility of the rupee, current account deficit and other factors which have impact on economic environment of the country. Higher energy cost and high interest rates leading to higher inflation would be a dampener for overall growth for the auto industry. However, due to good monsoon, agricultural growth may be higher this fiscal year over the last year's about 2 per cent growth and this may lead to industrial growth at about 3.5 per cent in current fiscal as compared to last year growth of 1.2 per cent.

Starting with a weaker rupee in the first quarter, compared to the dollar would partially improve the competitive position for your Company in the export market in the short term.

BUSINESS OUTLOOK

During the year 2012-13, your Company's gross revenue was lower by 3.23 per cent at Rs.1185.87 crores over the previous year. This is due to weak demand in the automobile sector, which led to a dip in volumes, for most of our customers, resulting in pressure on the topline.

During the financial year 2012-13, export sales have also declined by 9.35 per cent over the last year. The primary reason for this has been economic and general environment in Euro zone and North American markets. However, there are early signs of recovery in the Euro zone and in the North American markets. These factors may contribute to enhancement of our exports in the current financial year.

Your Company maintains a cautious but optimistic projection for the year 2013-14. Due to slow down in the auto component industry in the first quarter, your Company has not been able to maintain a positive sales trend, with domestic sales volume registering a decline of 11.32 per cent quarter on quarter, and export sales

registered a modest gain of 6 per cent quarter on quarter in the current fiscal. Your Company is working on strategies and hope to improve the revenues in the remaining part of the year.

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

In order to address the impact of rising interest rate, material cost, energy cost, availability of power and volatility in foreign exchange, your Company is taking appropriate measures to reduce the adverse impact on profitability.

SEGMENT WISE PERFORMANCE

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

FINANCIAL PERFORMANCE

1. Revenue

The gross revenue of Rs.1185.87 crores was recorded in the financial year ended 31st March, 2013 as compared to Rs.1225.48 crores in the previous year. The total revenue for the financial year ended 31st March, 2013 includes export revenue of Rs.181.99 crores as against Rs.200.76 crores in the previous year.

2. Profits

The Company has earned Profit before Interest, Depreciation and Tax (PBIDT) of Rs.137.23 crores during the financial year ended 31st March, 2013 over the previous year's PBIDT of Rs.123.95 crores. The Company has recorded a Profit before Tax (PBT) of Rs.9.21 crores during the financial year ended 31st March, 2013 against loss of Rs.0.27 crore after adjusting the exceptional items loss of Rs.11.24 crores. The Profit after Tax is recorded at Rs.10.16 crores against a loss of Rs.3.94 crores over the previous year.

3. Earning Per Share (EPS)

The Basic and Diluted EPS of Re.1/- paid up share is Re.0.75 and Re.0.75 respectively for the financial year ended 31st March, 2013. The previous year's Basic and Diluted EPS was Re.(0.29) and Re.(0.29) respectively on Re.1/- paid up share.

4. Dividend

The Board has recommended a Dividend @ 15 per cent i.e. Re.0.15 per Equity Share of Re.1/- each for the financial year 2012-13, amounting to Rs.2.37 crores including dividend tax of Rs.0.34 crore on the 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.2.35 crores including dividend tax of Rs.0.32 crore in the previous year on the Equity Share Capital of Rs.13.53 crores.

5. Investment

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

- | | | |
|------------------------------------|---|-----------------|
| 1. Magna Rico Powertrain Pvt. Ltd. | – | Rs.2.50 crores |
| 2. Rico Jinfei Wheels Ltd. | – | Rs.21.28 crores |
| 3. Rasa Autocom Ltd. | – | Rs.19.92 crores |

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

6. Reserves and Surplus

The Reserves and Surplus stood at Rs.307.64 crores in the financial year ended 31st March, 2013 as compared to Rs.299.85 crores in the previous year, which shows marginal increase of 2.60 per cent year on year.

7. Loan Funds

Total debt outstanding as on 31st March, 2013 has decreased to Rs.416.84 crores as against Rs.428.41 crores in the previous year. The ratio of total debts to net worth now stands at 1.30 compared to 1.37 in the previous year.

8. Fixed Assets

Net Addition to gross block has been Rs.131.77 crores during the financial year ended 31st March, 2013, which has increased the total gross block to Rs.990.04 crores (Refer Note 13 to Balance Sheet for additional details). Net Addition to Plant & Machinery of Rs.88.57 crores comprises 67 per cent of the total additions made during the year. Ratio of gross sales to gross block has decreased from 1.4 times to 1.2 times in the financial year 2012-13. Ratio of net sales to net block has decreased from 2.44 times to 1.99 times in the financial year 2012-13. 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 and capacities to meet the increased demand of the customers will also help us to reduce delivery time for customers.

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 5166 employees including 2712 contractual employees in the Company as on 31st March, 2013.

ENVIRONMENT, HEALTH AND SAFETY MANAGEMENT

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

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

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

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

INFORMATION TECHNOLOGY

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

CAUTIONARY NOTE

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

ANNEXURE TO DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

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

The Company is in compliance with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges and the compliance report for the period from 1st April, 2012 to 31st March, 2013 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 Eight Directors - Two Executive and Six Non-Executive Directors and of which Five are Independent. They all have with them considerable experience in their respective fields. The Chairman of the Board is an Executive Director w.e.f. 10th November, 2012.

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, 2013 are as follows:

Name of the Director	Category	Number of Committees		Number of other	Shareholding as on 31/03/2013
		Membership held#	Chairmanship held#	Directorship held#	
Shri Chandra Mohan*	Independent – Non Executive Chairman	-	-	-	Nil
Shri Anup Singh*	Independent – Non Executive	-	-	-	Nil
Prof. Vinod Kumar Bhalla**	Independent – Non Executive	2	2	1	1500
Shri Kanwal Monga	Independent – Non Executive	1	-	2	Nil
Shri Amarjit Chopra	Independent – Non Executive	2	3	3	Nil
Dr. Ashok Seth	Independent – Non Executive	-	-	1	25000
Shri Satish Sekhri	Independent – Non Executive	5	-	5	1501
Shri Rakesh Kapur	Non-Executive	1	-	9	2159020
Shri Arun Kapur	Executive – Jt. Managing Director	-	-	6	8651160
Shri Arvind Kapur	Executive – Chairman, CEO & Managing Director	1	-	7	12652460

#Excluding Private Limited Companies

*Shri Chandra Mohan and Shri Anup Singh ceased to be Directors of the Company after their retirement on 29th September, 2012.

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

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

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

A. Managing Director and Joint Managing Director

The Company has one Managing Director and one Joint Managing Director who are responsible for overall management, planning, policy, strategy, operations, marketing, production, sales subject to the superintendence, control and direction of the Board of Directors. The Managing Director & Joint Managing Director are being paid remuneration as prescribed under the Companies Act, 1956. The remuneration being paid is recommended by the Remuneration Committee followed by the approval from the Board, Shareholders and the Central Government, if required. No sitting fee is being paid to them.

B. 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 seeking re-appointment are given in the Notice of the ensuing Annual General Meeting of the Company.

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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 2012-13 is as under and the maximum interval between any two meetings was not more than four months:

Details of Board Meetings held

Date of the Board Meeting	Place of the Meeting	Directors	
		Number	Present
30/05/2012	Corporate Office	10	9
12/08/2012	-do-	10	6
10/11/2012	-do-	8	6
12/02/2013	-do-	8	6

Attendance at Meetings

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

*29th Annual General Meeting (AGM) held on 29th September, 2012 at the Registered Office of the Company.

**Shri Chandra Mohan and Shri Anup Singh ceased to be Directors of the Company after their retirement on 29th September, 2012.

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 in the previous Board Meetings is discussed keeping in view the action taken or action to be taken.

2. REMUNERATION COMMITTEE

The Remuneration Committee of the Company consisting of the three Independent and Non-Executive Directors met twice during the financial year 2011-12 for considering payment of remuneration to Shri Arvind Kapur, Chairman, CEO & Managing Director and Shri Arun Kapur, Joint Managing Director for remaining tenure of service w.e.f. 01/04/2012 to 16/12/2014 and 01/04/2012 to 31/03/2015 respectively. The composition, after re-constitution by the Board of Directors on 12th February, 2013, is as under:

Name of the Director	Position held	Meeting held on	Members Present
Shri Satish Sekhri*	Chairman	11/08/2011	3
Shri Anup Singh**	Chairman	14/02/2012	3
Shri Kanwal Monga	Member		
Shri Amarjit Chopra	Member		

*Shri Satish Sekhri appointed as Chairman w.e.f. 12th February, 2013.

**Shri Anup Singh ceased to be Chairman after his retirement on 29th September, 2012.

The Minutes of Remuneration Committee Meetings are placed before the Meetings 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, as per provisions of the Companies Act, 1956.

The sitting fee being paid to Non-Executive Directors for attending each of the meeting is as under:

Board Meeting	-	Rs.20,000/-
Audit Committee Meeting	-	Rs.15,000/-
Budget Committee Meeting	-	Rs.15,000/-
Shareholders/Investors Grievance Committee Meeting	-	Rs.3,000/-
Remuneration Committee Meeting	-	Rs.3,000/-

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 cover the terms of appointment and payment of remuneration. The remuneration is by way of salary, perquisites and allowances (fixed components) and commission (variable components) on net profits of the Company subject to overall ceiling of 10 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 for the period from 01/04/2012 to 16/12/2014. 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 are no other pecuniary relationships or transactions with the Company.

Details of the Remuneration paid during 2012-13 are given below:

(Rupees' 000)

Name of the Director	Sitting Fees	Salary	Perks	Commission*	Total
Shri Chandra Mohan ⁽¹⁾	40	N.A.	N.A.	136	176
Shri Anup Singh ⁽¹⁾	83	N.A.	N.A.	136	219
Prof. Vinod Kumar Bhalla	182	N.A.	N.A.	136	318
Shri Kanwal Monga	40	N.A.	N.A.	136	176
Shri Amarjit Chopra	124	N.A.	N.A.	136	260
Dr. Ashok Seth	NI	N.A.	N.A.	136	136
Shri Satish Sekhri	230	N.A.	N.A.	136	366
Shri Rakesh Kapur	92	N.A.	N.A.	136	228
Shri Arun Kapur ⁽²⁾	N.A.	3338	1462	NI	4800
Shri Arvind Kapur ⁽³⁾	N.A.	9600	4291	NI	13891

*Commission paid for the financial year 2011-2012.

⁽¹⁾Shri Chandra Mohan and Shri Anup Singh ceased to be Directors of the Company after their retirement on 29th September, 2012.

⁽²⁾Re-appointed w.e.f. 02/05/2010 for a period of 5 years upto 01/05/2015 and remuneration approved by the shareholders upto 31/03/2015.

⁽³⁾Re-appointed w.e.f. 17/12/2009 for a period of 5 years upto 16/12/2014 and remuneration approved by the Central Government upto 16/12/2014.

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, after reconstitution by the Board of Directors on 30th May, 2012 and attendance at its meetings, is as under:

Name of the Director	Position held	Meetings held on	Members Present
Shri Amarjit Chopra*	Chairman	28/04/2012	3
Shri Anup Singh**	Member	29/05/2012	4
Prof. Vinod Kumar Bhalla	Member	11/08/2012	3
Shri Satish Sekhri	Member	10/11/2012	2
		12/02/2013	3
		13/03/2013	2

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*Shri Amarjit Chopra appointed as Chairman w.e.f. 30th May, 2012.

**Shri Anup Singh ceased to be Member of the Committee after his retirement on 29th September, 2012.

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 two Independent and one Non-Executive Director met four times during the year 2012-13. The composition, after reconstitution by the Board of Directors on 12th February, 2013 and attendance at its meetings, is as under:

Name of the Director	Position held	Meetings held on	Members Present
Shri Anup Singh*	Chairman	29/05/2012	4
Prof. Vinod Kumar Bhalla**	Chairman	11/08/2012	3
Shri Amarjit Chopra	Member	10/11/2012	2
Shri Rakesh Kapur	Member	12/02/2013	3

*Shri Anup Singh ceased to be Chairman after his retirement on 29th September, 2012.

**Prof. Vinod Kumar Bhalla appointed as Chairman w.e.f. 12th February, 2013.

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 14 (Fourteen) times in the last financial year (01/04/2012 to 31/03/2013). 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
2009-2010	27th Annual General Meeting	Registered Office	30/09/2010	4.00 PM
2009-2010	Extra Ordinary General Meeting	–do–	18/12/2010	11.00 AM
2010-2011	28th Annual General Meeting	–do–	30/09/2011	12.00 Noon
2011-2012	29th Annual General Meeting	–do–	29/09/2012	12.00 Noon

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

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.

Extra Ordinary General Meeting (18/12/2010)

- Approval 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.
- Approval to give Power to the Board of Directors to create charge over the assets of the Company.

28th AGM (30/09/2011)

- Approval for 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.

29th AGM (29/09/2012)

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

Postal Ballot

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

7. DISCLOSURES

i) Related Party Transactions:

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

- a) A statement in summary form of transactions with related parties in the ordinary course of business is placed periodically before the Audit Committee.
- b) 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, 2013 (Refer Note No.46).

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

No penalties have been imposed or strictures passed on the Company by the Stock Exchanges or SEBI or by any other regulatory authority on any matter related to the 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 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.

vi) Preferential Issue:

During the financial year 2012-13, no Preferential Issue was made.

vii) Management Discussion and Analysis:

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

viii) Compliance with Mandatory Requirements:

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

ix) Adoption of the Non-Mandatory Requirements:

The 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

- a) Maintenance of Chairman Office – The Company does not maintain the office of the Non-Executive Chairman.
- b) 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

The Company regularly publishes its quarterly results in the newspapers. These results are also available on Company's

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website at www.ricoauto.in. 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 Newspaper) – Delhi & Mumbai
 - b) Veer Arjun (Hindi Newspaper) – Delhi
- ii) Quarterly Results and Shareholding Pattern are displayed on Company's website at www.ricoauto.in and all important/price sensitive informations are submitted to the BSE/NSE where the shares of the Company are listed and these Stock Exchanges display these announcements on their respective websites.
- iii) The Shareholder Information section forms part of the Annual Report.

9. RECONCILIATION OF SHARE CAPITAL AUDIT REPORT

M/s. K.K. Sachdeva & Associates, Company Secretaries, New Delhi 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, 2013 is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. The Reconciliation of Share Capital Audit Report is being submitted to the Stock Exchanges and is also placed before the Board Meetings from time to time for confirmation.

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/financial year is notified to the Stock Exchanges.

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

Shri Arvind Kapur, 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.in. 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, 2013.

Arvind Kapur
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, 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, 2013 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, 2013 are fraudulent, illegal or violative of the Company's code of conduct.
- c) We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Company's Auditors and the Audit Committee that there are no deficiencies in the design or operation of internal controls.
- d) We have indicated to the Auditors and the Audit Committee:
 - i) that there has not been any significant changes in internal control over financial reporting during the year under report;
 - ii) that there has not been any significant changes in accounting policies during the year which required disclosure in the notes to the financial statements; and
 - iii) that we are not aware of any instances during the year under report of any fraud with involvement therein, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Arvind Kapur
 Chairman,
 Chief Executive Officer &
 Managing Director

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

Place : Gurgaon
 Date : 30th May, 2013

GENERAL SHAREHOLDERS' INFORMATION

1. **Annual General Meeting**
 - Date and Time : 30th September, 2013 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 2012-13, Results were announced on**
 - First quarter ended June 30, 2012 : August 12, 2012
 - Second quarter and half year ended September 30, 2012 : November 10, 2012
 - Third quarter ended December 31, 2012 : February 12, 2013
 - Fourth quarter and year ended March 31, 2013 : May 30, 2013
 - For the year 2013-14, Results will be announced on (Tentative)**
 - First quarter ended June 30, 2013 (announced) : August 12, 2013
 - Second quarter and half year ending September 30, 2013 : November, 2013
 - Third quarter ending December 31, 2013 : February, 2014
 - Fourth quarter and year ending March 31, 2014 : May, 2014
3. **Dates of Book Closure** : 21st September, 2013 to 30th September, 2013 (both days inclusive).
4. **Dividend Payment Date** : Dividend @Re.0.15 per share would be paid within 30 days of declaration by the shareholders in the Annual General Meeting.
5. **Registered Office** : 69 KM Stone, Delhi-Jaipur Highway
Dharuhera, Distt. Rewari – 122106
(Haryana) India
6. **Registrar and Transfer Agent** : M/s. MCS Limited
(Common for Physical Transfer
as well as Dematerialisation of Shares) F-65, Okhla Industrial Area
Phase I, New Delhi – 110020
7. **Share Transfer System** : **Physical**

The transfer, transmission, remat, split of share certificate and issue of duplicate share certificate are approved by the Share Transfer Committee. This Committee normally meets as and when required to complete the transfer related works within the stipulated period. The shares are transferred and returned within a period of 15 days from the date of receipt, provided that the documents are clear in all respects. In compliance with the Listing Agreement, a Certificate from M/s. K.K. Sachdeva & Associates, Company Secretaries, New Delhi 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, 2013

Segment	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
Physical	7918	15.86	2625684	1.94
Demat	41994	84.14	132659316	98.06
Total	49912	100.00	135285000	100.00

9. Investors' Services – Complaints status during the year upto March 31, 2013

Complaints from	Opening	Received	Resolved	Pending
Stock Exchanges, SEBI/Depository Shareholders	Nil	6	6	Nil
	Nil	Nil	Nil	Nil
Total	Nil	6	6	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

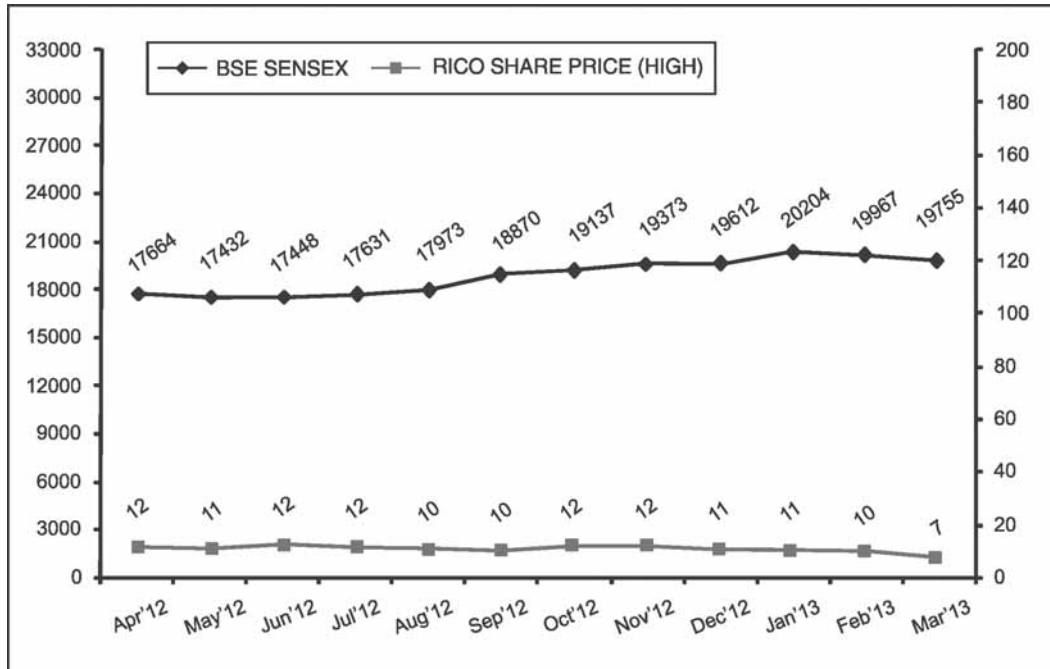
The closing price as on 31st March, 2013 of the Equity Shares at BSE and NSE is Rs.6.37 & Rs.6.55 respectively. Monthly high & low price and volume of Shares of Re.1/- each traded at BSE and NSE for 2012-13 are as under:

Month/Year	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	High (Rs.)	Low (Rs.)	Volume of Shares Traded	High (Rs.)	Low (Rs.)	Volume of Shares Traded
April, 2012	11.60	10.01	873437	11.25	10.05	1225967
May, 2012	10.64	8.26	409133	10.95	8.25	930087
June, 2012	12.45	8.60	1317550	12.45	8.65	2680850
July, 2012	11.69	9.00	656426	11.65	8.95	1287710
August, 2012	10.10	8.60	519371	10.10	8.50	1313650
September, 2012	10.19	8.40	764959	10.10	8.50	1200039
October, 2012	12.15	9.15	1957884	12.15	9.10	3255616
November, 2012	12.40	10.02	942064	12.30	10.10	2012916
December, 2012	10.63	9.26	423258	10.50	9.25	878049
January, 2013	10.65	8.40	457664	10.50	8.55	1307344
February, 2013	9.59	7.10	370347	9.65	7.10	1001630
March, 2013	7.29	5.80	386721	7.35	6.00	886172

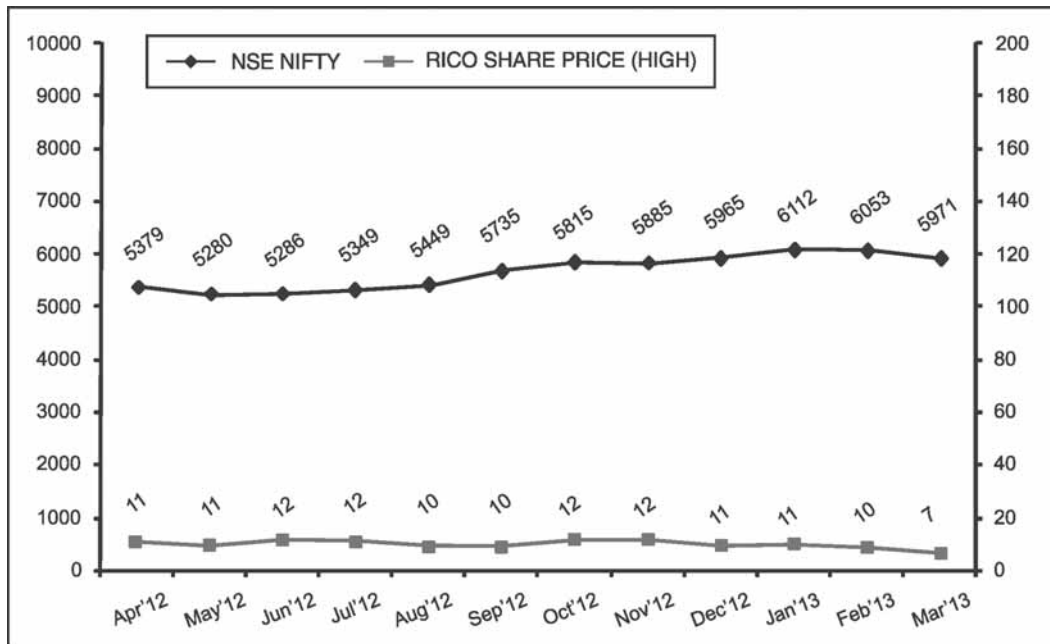
RIKO AUTO INDUSTRIES LIMITED

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, 2013

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
1 – 5000	48401	96.97	23565529	17.42
5001 – 10000	832	1.67	6092960	4.50
10001 – 20000	328	0.66	4776876	3.53
20001 – 30000	110	0.22	2691791	1.99
30001 – 40000	68	0.13	2369253	1.75
40001 – 50000	44	0.09	2012636	1.49
50001 – 100000	59	0.12	4206787	3.11
100001 & above	70	0.14	89569168	66.21
Total	49912	100.00	135285000	100.00

14. Shareholding Pattern as on March 31, 2013

Category Code	Category of Shareholders	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	13	27501188	27261488	20.33	20.33	20000000	72.72
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(c)	Bodies Corporate	3	40199790	40199790	29.71	29.71	12000000	29.85
(d)	Financial Institutions/Banks	-	-	-	-	-	-	-
(e)	Any Other (Specify)	-	-	-	-	-	-	-
	Sub-Total (A)(1)	16	67700978	67461278	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)	17	67779978	67540278	50.10	50.10	32000000	47.21

RICO AUTO INDUSTRIES LIMITED

Shareholding Pattern (contd.)

(B)	Public Shareholding						NA	NA
(1)	Institutions						NA	NA
(a)	Mutual Funds/UTI	-	-	-	-	-		
(b)	Financial Institutions/Banks	4	9350	5000	0.01	0.01		
(c)	Central Government/ State Governments	-	-	-	-	-		
(d)	Venture Capital Funds	-	-	-	-	-		
(e)	Insurance Companies	-	-	-	-	-		
(f)	Foreign Institutional Investors	-	-	-	-	-		
(g)	Foreign Venture Capital Investors	-	-	-	-	-		
(h)	Any Other (Specify)	-	-	-	-	-		
	Sub-Total (B)(1)	4	9350	5000	0.01	0.01		
(2)	Non-Institutions						NA	NA
(a)	Bodies Corporate	760	6433029	6376009	4.76	4.76		
(b)	Individuals:							
	i) Individual Shareholders holding nominal share capital upto Rs.1 lac	48718	39338254	37013640	29.08	29.08		
	ii) Individual Shareholders holding nominal share capital in excess of Rs.1 lac	38	18215156	18215156	13.46	13.46		
(c)	Any Other (Specify)							
	i) NRI	373	3508233	3508233	2.59	2.59		
	ii) Foreign Companies	-	-	-	-	-		
	iii) OCBs	-	-	-	-	-		
	iv) Trusts & Foundations	2	1000	1000	0.00	0.00		
	Sub-Total (B)(2)	49891	67495672	65114038	49.89	49.89		
	Total Public Shareholding (B)=(B)(1)+(B)(2)	49895	67505022	65119038	49.90	49.90		
	Total (A) + (B)	49912	135285000	132659316	100.00	100.00	32000000	23.65
(C)	Shares held by Custodians and against which Depository Receipts have been issued							
(1)	Promoter and Promoter group	-	-	-	-	-		
(2)	Public	-	-	-	-	-		
	Grand Total (A) + (B) + (C)	49912	135285000	132659316	100.00	100.00	32000000	23.65



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

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

16. 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
- Bawal Plant**
Plot No.23, Sector-5,
Industrial Estate,
Phase-II, G.C. Bawal,
Haryana, 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, 2005 have already been transferred to the Investor Education and Protection Fund (IEPF).

RICO AUTO INDUSTRIES LIMITED

Date of Transferring Unclaimed Dividend to the Central Government

Year	Rate of Dividend (%)	Date of Declaration	Due date for transfer to IEPF
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
2011	Final – 20	30/09/2011	30/10/2018
2012	Final – 15	29/09/2012	29/10/2019

Unclaimed Dividend as on March 31, 2013

Year	Rate of Dividend (%)	No. of Warrants Issued	Amount of Dividend (Rs.)	Amount of Unclaimed Dividend (Rs.)	Unclaimed Dividend (%)
2006	Final – 100	23452	122585000.00	613830.00	0.50
2007	Interim – 75	24037	94188750.00	479394.75	0.51
2008	Final – 60	51888	75351000.00	873231.60	1.16
2009	Final – 15	50117	18837750.00	273195.75	1.45
2010	Final – 15	50925	19328250.00	293892.60	1.52
2011	Final – 20	54441	27057000.00	418072.80	1.55
2012	Final – 15	52225	20292750.00	336667.05	1.66

19. Unclaimed Share Certificates

As per the provisions of Clause 5A of the Listing Agreement, the unclaimed shares lying in the possession of the Company are required to be dematerialized and transferred into a special demat account held by the Company. Accordingly, unclaimed shares lying with the Company have been transferred and dematerialized in the “Unclaimed Suspense Account” of the Company. This account is being held by the Company on behalf of the shareholders entitled for these shares.

It may also be noted that all the corporate benefits accruing on these shares like bonus, split etc., if any, shall also be credited to the said “Unclaimed Suspense Account” and the voting rights on these shares remain frozen until the rightful owner has claimed the shares.

Shareholders who have not yet claimed their shares are requested to immediately approach the Company to enable us to release the said shares to the rightful owner either in physical form or demat mode.

20. 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.

21. 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.



22. 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.

23. 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.

24. SEBI Complaints Redress System (SCORES)

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

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

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

We have examined the compliance of conditions of Corporate Governance by Rico Auto Industries Limited for the year ended 31st March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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

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

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

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

For K.K. Sachdeva & Associates
Company Secretaries

K.K. Sachdeva
Proprietor

Place : Gurgaon
Date : 12th August, 2013

FCS No. 7153, CP No. 4721

INDEPENDENT AUDITORS' REPORT

To the Members of

Rico Auto Industries Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Rico Auto Industries Limited, ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- ii) in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
- iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by Section 227(3) of the Act, we report that:
 - a. 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;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the financial statements dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the financial statements comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act; and
 - e. on the basis of written representations received from the directors, as on March 31, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

Other Matter

The audit of the financial statements for the previous year ended March 31, 2012, included in the financial statements was carried out and reported by Gupta Vigg & Co. vide their unqualified audit report dated May 30, 2012, whose audit report has been furnished to us and which have been relied upon by us for the purpose of our audit of the financial statements. Our audit report is not qualified in respect of this matter.

For **Walker, Chandio & Co**
Chartered Accountants
Firm Regn. No. 001076N

per **Ashish Gupta**

Place : Gurgaon
Dated : 30th May, 2013

Partner
Membership No.504662

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF RICO AUTO INDUSTRIES LIMITED, ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year; however, there is a regular program of verification once in every three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and stocks lying with third parties. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and material discrepancies noticed on physical verification have been properly dealt with in the books of account.
- iii) (a) The Company has granted unsecured loans to five parties covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year is Rs.78.43 crores and the year-end balance is Rs.49.49 crores.
- (b) In respect of the loans granted, the principal and interest amounts are repayable after stipulated period, upon demand, in our opinion, terms and conditions of such loans are not, *prima facie*, prejudicial to the interest of the Company.
- (c) In respect of loans granted, the principal and interest amounts are repayable after stipulated period, upon demand, in our opinion, receipt of the principal and interest amount is regular.
- (d) There is no overdue amount in respect of loans granted to such companies.
- (e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii) (f) and 4(iii) (g) of the Order are not applicable.
- iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- v) (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act have been so entered.
- (b) Owing to the unique and specialized nature of the items involved and in the absence of any comparable prices, we are unable to comment as to whether the transactions made in pursuance of such contracts or arrangements have been made at the prevailing market prices at the relevant time.
- vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.
- vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act in respect of Company's products and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) The dues outstanding in respect of income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount (Rs. in crores)	Amount paid under protest (Rs. in crores)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Claim of cenvat on roof ventilator and evaporating cooling machine.	0.42	0.03	Financial year 2005-06	Custom Excise & Service Tax Appellate Tribunal
Central Excise Act, 1944	Disallowance of cenvat credit	1.91	Nil	Financial year 1998-99 to 2002-03	Custom Excise & Service Tax Appellate Tribunal

RICO AUTO INDUSTRIES LIMITED

Name of the Statute	Nature of dues	Amount (Rs. in crores)	Amount paid under protest (Rs. in crores)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Demand on excise duty on removal of dies under Rule 67/95 without payment of Duty (Refer Note 1 below)	2.36	Nil	Financial year 2002-03 to 2006-07	Custom Excise & Service Tax Appellate Tribunal
Central Excise Act, 1944	Denial of cenvat on account of wrong description of material and tariff number on invoice	0.15	Nil	Financial year 1998-99 to 2003-04	Custom Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Claim of cenvat on construction & other repair & maintenance service	1.92	Nil	Financial year 2005-06 to 2010-11	Custom Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Denial of input credit for direct/indirect services	0.88	Nil	Financial year 2004-05 to 2010-11	Commissioner of Central Excise (Appeals)
Finance Act, 1994	Claim of cenvat on outward freight	0.22	Nil	Financial year 2005-06 and 2006-07	Commissioner of Central Excise
Finance Act, 1994	Claim of cenvat on CHA & courier and export related services	1.33	0.24	Financial year 2004-05 to 2007-08	Custom Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Denial of cenvat credit on certain material and services	0.06	Nil	Financial year 2007-08	Commissioner of Central Excise (Appeals)
Haryana Local Area Development Tax Act, 2000	Applicability of local area development tax on items purchased.	0.01	Nil	Financial year 2001-02 to 2003-04	Joint Commissioner (Appeal)
Income Tax Act, 1961	Errors and mismatch of challans in returns filed to Income Tax Department	0.12	Nil	Assessment year 2008-09 to 2010-11 and 2012-13	Assessing Officer, Income Tax Department
Income Tax Act, 1961	Disallowance of certain expenses	0.04	Nil	Assessment year 2005-06	Income Tax Appellate Tribunal
Haryana VAT Act, 2003	Disallowance of input tax on purchase of furnace oil	0.45	Nil	Financial year 2005-06	Commissioner (Appeal)
Haryana VAT Act, 2003	Input Credit for purchase of furnace oil	0.04	Nil	Financial year 2007-08	Haryana Sales Tax Tribunal
Haryana Electricity Reforms Act, 1997	Demand for Short Assessment for sanction of extended load of electricity	5.60	3.19	Financial year 2005-06 to 2011-12	Hon'ble High Court, Punjab and Haryana
Finance Act, 1994	Service tax demand for not levying service tax on job work charges of die modification.	0.24	Nil	Financial year 2005-06 to 2009-10	Additional Commissioner of Central Excise
Finance Act, 1994	Denial of cenvat credit related to service tax	0.04	Nil	Financial year 2008-09 to 2010-11	Commissioner of Central Excise (Appeal)
Central Excise Act, 1944	Differential duty charged for supplying identical parts at different rates	1.89	NIL	Financial year 2002-03 to 2012-13	Additional Commissioner of Central Excise

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

- (x) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.
- (xi) In our opinion, the Company has not defaulted in repayment of dues to any bank. There are no dues to debenture-holders. *The Company has delayed in repayment of an instalment of Rs.0.92 crore to one financial institution for 37 days by March 31, 2013. The delay was made good subsequent to the year end on April 12, 2013.*
- (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. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, provisions of clause 4(xiii) of the Order are not applicable.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.
- (xv) In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions are not, prima facie, prejudicial to the interest of the Company.
- (xvi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.
- (xvii) *In our opinion, the Company has used funds raised on short-term basis for long-term investment. During the year, the Company has raised funds from short term borrowings amounting to Rs.33.25 crores, which would fall due for repayment within one year from the date of their receipt and such funds have been invested for acquiring long term investments and fixed assets.*
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.
- (xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.
- (xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

For **Walker, Chandio & Co**
Chartered Accountants
Firm Regn. No. 001076N

per **Ashish Gupta**
Partner

Membership No.504662

Place : Gurgaon
Dated : 30th May, 2013

RICO AUTO INDUSTRIES LIMITED

BALANCE SHEET AS AT MARCH 31, 2013

	Notes	As at March 31, 2013 (Rs. in Crores)	As at March 31, 2012 (Rs. in Crores)
I. EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
a) Share Capital	3	13.53	13.53
b) Reserves & Surplus	4	307.64	299.85
		<u>321.17</u>	<u>313.38</u>
2. NON-CURRENT LIABILITIES			
a) Long-Term Borrowings	5	116.69	171.88
b) Deferred Tax Liabilities (Net)	6	36.46	42.18
c) Other Long-Term Liabilities	7	2.10	1.50
d) Long-Term Provisions	8	7.85	4.27
		<u>163.10</u>	<u>219.83</u>
3. CURRENT LIABILITIES			
a) Short-Term Borrowings	9	212.09	175.41
b) Trade Payables	10	161.23	149.04
c) Other Current Liabilities	11	154.65	121.36
d) Short-Term Provisions	12	4.83	4.56
		<u>532.80</u>	<u>450.37</u>
TOTAL		<u>1017.07</u>	<u>983.58</u>
II. ASSETS			
1. NON-CURRENT ASSETS			
a) Fixed Assets			
i) Tangible Assets	13	525.46	450.06
ii) Intangible Assets	13	1.57	1.23
iii) Capital Work-in-Progress		35.87	67.73
b) Non-Current Investments	14	74.90	31.20
c) Long-Term Loans and Advances	15	79.33	100.21
		<u>717.13</u>	<u>650.43</u>
2. CURRENT ASSETS			
a) Inventories	16	78.63	95.88
b) Trade Receivables	17	134.58	168.99
c) Cash and Bank Balances	18	6.02	2.61
d) Short-Term Loans and Advances	19	74.03	59.55
e) Other Current Assets	20	6.68	6.12
		<u>299.94</u>	<u>333.15</u>
TOTAL		<u>1,017.07</u>	<u>983.58</u>

The accompanying notes (1 to 50) are an integral part of the financial statements.
This is the Balance Sheet referred to in our report of even date.

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

per **Ashish Gupta**
Partner

Place : Gurgaon
Dated : 30th May, 2013

O.P. Aggarwal
Executive Director (Finance)

B.M. Jhamb
Company Secretary

For and on behalf of the Board of Directors

Arun Kapur
Jt. Managing Director

Amarjit Chopra
Satish Sekhri
Directors

Arvind Kapur
Chairman, CEO
& Managing Director



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

	Notes	Year ended March 31, 2013 (Rs. in Crores)	Year ended March 31, 2012 (Rs. in Crores)
REVENUE			
Revenue from Operations (Gross)	21	1142.61	1190.87
Less : Excise Duty		95.57	88.84
Revenue from Operations (Net)		1047.04	1102.03
Other Income	22	42.96	34.81
Total Revenue		1090.00	1136.84
EXPENSES			
Cost of Raw Materials and Components Consumed	23	636.34	662.89
Change in Inventoris of Finished Goods and Work in Progress	24	5.28	1.54
Employee Benefit Expense	25	111.66	108.00
Finance Costs	26	63.08	67.87
Depreciation and Amortisation	13	64.94	56.35
Other Expenses	27	199.79	229.02
Prior Period Items (Net)	28	(0.30)	0.20
Total Expenses		1080.79	1125.87
Profit Before Exceptional Items and Tax		9.21	10.97
Exceptional Items	29	—	11.24
Profit/(Loss) Before Tax		9.21	(0.27)
Tax Expenses:			
1) Current Tax		1.92	—
2) Reversal of MAT credit entitlement		3.15	—
3) Deferred Tax		(1.75)	3.59
4) Prior year Deferred Tax		(3.97)	—
5) Income Tax earlier years		(0.30)	0.08
Profit/(Loss) for the year		10.16	(3.94)
Basic and Diluted earning/(loss) per equity share [nominal value of share Re.1/- (March 31, 2012 : Re.1/-)]	30	0.75	(0.29)

The accompanying notes (1 to 50) are an intergral part of the financial statements.
This is the Statement of Profit and Loss referred to in our report of even date

For and on behalf of the Board of Directors

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

per **Ashish Gupta**
Partner

O.P.Aggarwal
Executive Director (Finance)

Arun Kapur
Jt. Managing Director

Place : Gurgaon
Dated : 30th May, 2013

B.M.Jhamb
Company Secretary

Amarjit Chopra
Satish Sekhri
Directors

Arvind Kapur
Chairman, CEO
& Managing Director

RIKO AUTO INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

	Year ended March 31, 2013 (Rs. in Crores)	Year ended March 31, 2012 (Rs. in Crores)
A. Cash Flow from Operating Activities		
Net Profit Before Tax	9.21	(0.27)
Adjustments for:		
Depreciation and Amortisation	64.94	56.35
Loss on disposal of Assets	0.73	5.38
Profit on disposal of Assets	(0.56)	(0.53)
Provision for Hedge/Exchange Equalisation Reserve	—	0.02
Finance Cost	63.08	67.87
Dividend	(2.96)	(2.96)
Operating Profit before Working Capital Changes	134.44	125.86
Adjustments for:		
(Increase)/decrease in trade and other receivables	41.33	(28.10)
(Increase)/decrease in inventories	17.25	6.32
(Increase)/decrease in trade and other payables	43.80	(27.05)
	236.82	77.03
Income Tax Paid	(5.85)	(0.71)
Net Cash generated from Operating Activities (A)	230.97	76.32
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets/Addition to Capital Work in Progress	(114.78)	(57.73)
Proceeds from Sale of Fixed Assets	5.85	12.72
Purchase of Investments	(43.70)	(3.55)
Sale proceeds of Investments	—	70.95
Dividend Received	2.96	2.96
Net Cash from/(used in) Investing Activities (B)	(149.67)	25.35
C. Cash Flow from Financing Activities		
Proceeds from Long Term Borrowings	18.45	5.82
Repayment of Long Term Borrowings	(66.70)	(62.54)
Net proceeds from Short Term Borrowings	36.68	13.02
Dividend Paid	(2.33)	(3.30)
Interest Paid	(63.96)	(66.24)
Net Cash (used in) Financing Activities (C)	(77.86)	(113.24)
Net Increase in Cash and Cash Equivalents (A+B+C)	3.44	(11.57)
Cash and Cash Equivalents as at beginning of the year	2.25	13.82
Cash and Cash Equivalents as at close of the year	5.69	2.25
Note:		
Cash and Cash Equivalents includes		
Cash and Cheques in hand	0.84	0.37
Balance with Banks	4.85	1.88
	5.69	2.25
Balance in unpaid Dividend Account	0.33	0.36
Balance with Bank not considered as Cash and Cash Equivalent	0.33	0.36
Cash and Bank Balances (Refer Note 18)	6.02	2.61



CASH FLOW STATEMENT (Contd.)

Notes:

1. The above Cash Flow Statement has been prepared under the indirect method set out in AS-3 notified under sub section 3C of section 211 of the Companies Act, 1956.
2. Figures in brackets indicate cash outflow.

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

For **Walker, Chandok & Co**
Chartered Accountants

For and on behalf of the Board of Directors

per **Ashish Gupta**
Partner

O.P.Aggarwal
Executive Director (Finance)

Arun Kapur
Jt. Managing Director

Place : Gurgaon
Dated : 30th May, 2013

B.M.Jhamb
Company Secretary

Amarjit Chopra
Satish Sekhri
Directors

Arvind Kapur
Chairman, CEO
& Managing Director

Summary of Significant Accounting Policies and other Explanatory Notes

Note 1 – CORPORATE INFORMATION

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

Note 2 – SIGNIFICANT ACCOUNTING POLICIES

i) Basis of Preparation

The financial statements have been prepared to comply with the Accounting Standards referred to in the Companies (Accounting Standards) Rule, 2006 issued by the Central Government in exercise of the power conferred under sub-section(1)(a) of section 642 and the relevant provisions of the Companies Act, 1956 (the 'Act'). The financial statements have been prepared on a going concern basis under the historical cost convention on accrual basis. The accounting policies have been consistently applied by the Company unless otherwise stated.

ii) Use of Estimates

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

iii) Revenue Recognition

a) Revenue from Sale of Goods

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

b) Revenue from Sale of Services

Service income comprising technical and other support services fee is recognised as per the terms of the agreement.

c) Duty Draw Back and Export Incentive

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

d) Interest Income

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

e) Dividend Income

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

iv) Fixed Assets and Intangibles

a) Tangible Assets

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

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

b) Intangible Assets

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

v) Depreciation and Amortisation

Depreciation on building and plant and equipment is provided under straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956.

Depreciation on other fixed assets (except dies and moulds) is provided on written down value method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

Depreciation on dies and moulds is provided based on useful life of the items ascertained on a technical estimate by the management.

Depreciation on fixed assets acquired/disposed off during the year is recorded on a pro-rata basis with reference to the date of acquisition/disposal. Individual assets costing less than Rs.5,000/- are fully depreciated in the year of purchase, the cumulative

Summary of Significant Accounting Policies and other Explanatory Notes (Contd.)

amount of such assets fully depreciated being immaterial. The cost of leasehold land is being amortised over the period of the lease.

Intangible assets are being amortised on written down value method over the useful life of 5-10 years, as estimated by management to be the economic life of the asset over which economic benefits are expected to flow.

vi) Investments

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

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

vii) Inventories

Inventories are valued as follows:

a) Raw Materials and Loose Tools

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

b) Work in Progress

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

c) Finished Goods

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

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

viii) Employee Benefits

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

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

a) Provident Fund and Employee State Insurance Scheme

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

b) Gratuity

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

c) Unavailed Leaves

The Company also provides benefit of compensated absences to its employees which are in the nature of long term benefit plan. The compensated absences comprises of vesting as well as non-vesting benefit. Liability in respect of compensated absences becoming due and expected to be availed within one year from the balance sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefits expected to be availed by the employees. Liability in respect of compensated absences becoming due and expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method as on the reporting date. Actuarial gains and losses arising from experience adjustments and

Summary of Significant Accounting Policies and other Explanatory Notes (Contd.)

changes in actuarial assumptions are recorded in the statement of profit and loss in the year in which such gains or losses arise. Leave encashment fund is administered through Life Insurance Corporation of India and India First Life Insurance Company Limited.

ix) **Research and Development Expenses**

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

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

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

x) **Borrowing Costs**

Borrowing costs directly attributable to acquisition, construction or erection of fixed assets, which necessarily take a substantial period of time (generally 12 months or more) to be ready for the intended use are capitalised. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended use are complete.

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

xi) **Foreign Currency Transactions**

a) *Initial Recognition*

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

b) *Subsequent Recognition*

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

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

c) *Exchange Differences*

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

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

xii) **Derivative Instruments**

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

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

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

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

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

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

xiii) **Taxation**

Tax expense comprises current tax and deferred tax.

a) *Current Tax*

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

Summary of Significant Accounting Policies and other Explanatory Notes (Contd.)

b) *Deferred Tax*

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

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

xiv) **Leases**

a) *Operating Leases*

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

b) *Finance Leases*

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

xv) **Provisions and Contingencies**

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

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

xvi) **Earnings Per Share**

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

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

xvii) **Impairment of Assets**

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

RIKO AUTO INDUSTRIES LIMITED

Summary of Significant Accounting Policies and other Explanatory Notes (Contd.)

	As at March 31, 2013 (Rs. in Crores)		As at March 31, 2012 (Rs. in Crores)	
Note 3 – SHARE CAPITAL				
a) AUTHORIZED				
25,00,00,000 Equity Shares of Re.1/- each (Previous year 25,00,00,000 Equity Shares of Re.1/- each)		25.00		25.00
50,00,000 Redeemable Preference Shares of Rs.10/- each (Previous year 50,00,000 Shares of Rs.10/- each)		5.00		5.00
		<u>30.00</u>		<u>30.00</u>
b) ISSUED, SUBSCRIBED AND PAID-UP				
13,52,85,000 Equity Shares of Re.1/- each fully paid up with (Previous year 13,52,85,000 Equity Shares of Re.1/- each)		13.53		13.53
		<u>13.53</u>		<u>13.53</u>
c) RECONCILIATION OF NUMBER OF EQUITY SHARES OUTSTANDING				
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	135285000	13.53	135285000	13.53
Movement during the year	—	—	—	—
Outstanding at the end of the year	135285000	13.53	135285000	13.53
d) DESCRIPTION OF THE RIGHTS, PREFERENCES AND RESTRICTIONS ATTACHED TO EACH CLASS OF SHARES				
Equity Shares: The Company has only one class of equity shares having a face value of Re.1/- per share. All the existing equity shares rank pari passu in all respects including but not limited to entitlement for dividend, bonus issue and rights issue. These equity shares are listed on the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited.				
Preference Shares: Redeemable preference shareholders do not have any voting rights in the shareholders' meetings, they can vote only on certain matters as per the Companies Act, 1956 in proportion of their holding.				
e) DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% EQUITY SHARES IN THE COMPANY				
Name of Shareholder	% of Holding	Number of Shares	% of Holding	Number of Shares
Kapsons Associates Investments Private Limited	28.77	38917050	28.77	38917050
Arvind Kapur	9.35	12652460	9.35	12652460
Arun Kapur	6.39	8651160	6.39	8651160
Ashish Dhawan	5.38	7273092	5.38	7273092
f) The Company has not issued bonus shares, equity shares issued for consideration other than cash and also no shares have been bought back during the period of five years immediately preceding the reporting period.				



Summary of Significant Accounting Policies and other Explanatory Notes (Contd.)

	As at March 31, 2013 (Rs. in Crores)	As at March 31, 2012 (Rs. in Crores)
Note 4 – RESERVES AND SURPLUS		
CAPITAL RESERVE		
Opening Balance	0.00	0.00
Add : Additions during the year	—	—
Less : Utilised/transferred during the year	—	—
Closing Balance*	<u>0.00</u>	<u>0.00</u>
CAPITAL REDEMPTION RESERVE		
Opening Balance	2.00	2.00
Add : Additions during the year	—	—
Less : Utilised/transferred during the year	—	—
Closing Balance	<u>2.00</u>	<u>2.00</u>
SECURITIES PREMIUM ACCOUNT		
Opening Balance	145.04	145.04
Add : Additions during the year	—	—
Less : Utilised/transferred during the year	—	—
Closing Balance	<u>145.04</u>	<u>145.04</u>
STATE CAPITAL SUBSIDY		
Opening Balance	0.20	0.20
Add : Additions during the year	—	—
Less : Utilised/transferred during the year	—	—
Closing Balance	<u>0.20</u>	<u>0.20</u>
HEDGING RESERVE		
Opening Balance	—	(0.02)
Add : Additions during the year	—	—
Less : Utilised/transferred during the year	—	0.02
Closing Balance	<u>—</u>	<u>—</u>
GENERAL RESERVE		
As per last Balance Sheet	79.03	79.03
Add: Transferred from Statement of Profit and Loss	0.51	—
	<u>79.54</u>	<u>79.03</u>
STATEMENT OF PROFIT AND LOSS		
As per last Balance Sheet	73.58	79.87
Add : Profit/(Loss) transferred from Statement of Profit and Loss	10.16	(3.94)
Less : Proposed Dividend on Equity Shares	2.04	2.03
Less : Corporate Dividend Tax	0.33	0.32
Less : Transferred to General Reserve	0.51	—
Net Surplus as per Statement of Profit and Loss	<u>80.86</u>	<u>73.58</u>
	<u>307.64</u>	<u>299.85</u>

*Amounts have been rounded off to zero.

Summary of Significant Accounting Policies and other Explanatory Notes (Contd.)

	As at March 31, 2013 (Rs. in Crores)	As at March 31, 2012 (Rs. in Crores)
Note 5 – LONG TERM BORROWINGS		
SECURED		
Term Loans from Banks:		
Foreign Currency Loans	27.85	38.87
Rupee Loans	171.33	207.33
Vehicle Loans:		
From Banks	0.42	0.63
From Companies	0.16	0.35
	<u>199.76</u>	<u>247.18</u>
Less: Current maturities of long term secured borrowings	86.89	80.24
Total	<u>112.87</u>	<u>166.94</u>
UNSECURED		
From Companies:		
Rupee Loans	4.99	5.81
Less: Current maturities of long term unsecured borrowings	1.17	0.87
Total	<u>3.82</u>	<u>4.94</u>
Grand Total	<u>116.69</u>	<u>171.88</u>

Security details and terms of repayment for borrowings covered under Note 5 and Note 11 are as follows:

A. Secured Loans

1. This term loan from Export Import Bank of India carries interest @Libor+4.50% p.a. and is repayable in 20 equal quarterly installments after moratorium of 8 quarters. The term loan is secured by first pari-passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	10.46	10.30
2. This term loan from IndusInd Bank carries interest @8.05% p.a. and is repayable in 11 equal quarterly installments. The term loan is secured by first pari-passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	17.39	28.58
3. This term loan from Axis Bank carries interest @13.75% p.a. and is repayable in 14 equal quarterly installments after a moratorium of 6 quarters. The term loan is secured by first pari-passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	17.15	25.71
4. This term loan from Axis Bank carries interest @13.50% p.a. and is repayable in 14 equal quarterly installments after a moratorium of 6 quarters. The term loan is secured by first pari-passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	21.43	25.00

Summary of Significant Accounting Policies and other Explanatory Notes (Contd.)

	As at March 31, 2013 (Rs. in Crores)	As at March 31, 2012 (Rs. in Crores)
5. This term loan from Export Import Bank of India carries interest @11.80% p.a. and is repayable in 20 equal quarterly installments after a moratorium of 8 quarters. The term loan is secured by first pari-passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	15.17	15.97
6. This term loan from Export Import Bank of India carries interest @11.80% p.a. and is repayable in 20 equal quarterly installments after a moratorium of 6 months. The term loan is secured by first pari-passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon. During the year the Company has defaulted in the payment of its first term loan installment due as on February 22, 2012 . However, the Company has made this default good in the month of April, 2013.	18.45	—
7. This term loan from State Bank of Hyderabad carries interest @13.20% p.a. and is repayable in 14 equal quarterly installments after a moratorium of 6 quarters. The term loan is secured by first pari-passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	17.07	28.50
8. This term loan from State Bank of Hyderabad carries interest @13.20% p.a. and is repayable in 14 equal quarterly installments after a moratorium of 6 quarters. The term loan is secured by first pari-passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	19.29	27.87
9. This term loan from State Bank of Patiala carries interest @14% p.a. and is repayable in 14 equal quarterly installments after a moratorium of 6 quarters. The term loan is secured by first pari-passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	12.50	22.50
10. This term loan from State Bank of Patiala carries interest @14% p.a. and is repayable in 12 equal quarterly installments after a moratorium of 8 quarters. The term loan is secured by first pari-passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	50.00	50.00
11. Vehicle loans are secured by the hypothecation of vehicles financed and are repayable in equal monthly installments.	0.85	1.25

RIKO AUTO INDUSTRIES LIMITED

Summary of Significant Accounting Policies and other Explanatory Notes (Contd.)

	As at March 31, 2013 (Rs. in Crores)	As at March 31, 2012 (Rs. in Crores)
12. This term loan from Yes Bank carries interest @14.95% p.a. and was repayable in 30 equal monthly installments after a moratorium of 18 months. The term loan was secured by first pari-passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon. This loan was additionally secured by corporate guarantee of an Associate Company and personal guarantees of Managing Director, Joint Managing Director and a Director of the Company.	—	7.50
13. This term loan from Kotak Mahindra Bank carries interest @11% p.a. and was repayable in 12 equal quarterly installments from the date of disbursement. The term loan was secured by first pari-passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	—	4.00
	<u>199.76</u>	<u>247.18</u>
B. Unsecured Loans		
This term loan carries interest @14.50% p.a. and is repayable in 60 equal monthly installments after a moratorium of 12 months and is secured by personal guarantee of Managing Director of the Company.	<u>4.99</u>	<u>5.81</u>
Note 6 – DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liabilities arising on account of:		
Depreciation	40.32	44.88
Less:		
Deferred Tax Asset arising on account of:		
Employee Benefits	3.86	2.70
	<u>36.46</u>	<u>42.18</u>
Note 7 – OTHER LONG TERM LIABILITIES		
Security Deposits	2.10	1.50
	<u>2.10</u>	<u>1.50</u>
Note 8 – LONG TERM PROVISIONS		
Provision for Gratuity (Refer Note 34)	6.92	2.85
Provision for Compensated Absences	0.93	1.42
	<u>7.85</u>	<u>4.27</u>

Summary of Significant Accounting Policies and other Explanatory Notes (Contd.)

	As at March 31, 2013 (Rs. in Crores)	As at March 31, 2012 (Rs. in Crores)
Note 9 – SHORT TERM BORROWINGS		
SECURED		
Working Capital Loans from Banks:		
Foreign Currency Loans	21.47	18.43
Rupee Loans	131.43	88.13
Buyers' Credit in Foreign Currency from Banks	29.60	40.52
UNSECURED		
Foreign Currency Loans from Banks	29.59	28.33
	<u>212.09</u>	<u>175.41</u>
Security Details		
1. Working capital loans/facilities are secured against first pari-passu charge on all the current assets of the Company including all types of stocks and book debts/receivables (both present and future).	152.90	106.57
2. This buyer's credit facility from State Bank of Patiala is secured by first pari-passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	8.96	5.87
3. These buyer's credit facilities from Yes Bank and IDBI Bank are secured by exclusive charge on all machineries/assets imported/acquired by utilising the said facilities.	—	13.07
4. This buyer's credit facility from Axis Bank are secured by exclusive charge on all machineries/assets imported/acquired by utilising the said facilities and additionally secured by the personal guarantee of a Director of the Company.	11.83	—
5. These buyer's credit facilities from Axis Bank, DBS Bank and Standard Chartered Bank are secured against first pari-passu charge on all the current assets of the Company including all types of stocks and book debts/receivables (both present and future).	8.81	21.57
	<u>182.50</u>	<u>147.08</u>
Note 10 – TRADE PAYABLES		
Due to Micro & Medium Enterprises (Refer Note 32)	6.43	2.13
Others		
Acceptances	45.82	40.95
Other than Acceptances	91.66	83.83
Due to Related Parties (Refer Note 46)	15.79	15.96
Other Payables	1.53	6.17
	<u>161.23</u>	<u>149.04</u>

RIKO AUTO INDUSTRIES LIMITED

Summary of Significant Accounting Policies and other Explanatory Notes (Contd.)

	As at March 31, 2013 (Rs. in Crores)	As at March 31, 2012 (Rs. in Crores)
Note 11 – OTHER CURRENT LIABILITIES		
Current Maturities of Long-Term Debts (Refer Note 5 for security and re-payment details)		
SECURED		
Foreign Currency Loan	16.48	14.80
Rupee Loan	70.41	65.44
UNSECURED		
Rupee Loan	1.17	0.87
Interest accrued but not due on borrowings	2.69	3.58
Unclaimed Dividends	0.33	0.36
Statutory Liabilities	3.83	4.36
Payable for Capital Purchases	5.66	11.98
Employee Benefits Payable	9.40	7.69
Security Deposits	1.65	1.97
Advance from Customers	41.37	9.67
Other Liabilities	1.66	0.64
	<u>154.65</u>	<u>121.36</u>
Note 12 – SHORT TERM PROVISIONS		
Provision for Gratuity (Refer Note 34)	1.19	2.20
Provision for Compensated Absences	1.28	—
Provision for Dividend	2.03	2.03
Provision for Tax on Dividend	0.33	0.33
	<u>4.83</u>	<u>4.56</u>

Summary of Significant Accounting Policies and other Explanatory Notes (Contd.)

Note 13 – FIXED ASSETS

Particulars	GROSS BLOCK					ACCUMULATED DEPRECIATION			NET BLOCK		
	As on 01.04.2012	Additions During the Year	Disposals During the Year	Exchange Differences	Other Adjustments Borrowing Costs	As at 31.03.2013	As on 01.04.2012	Charge for the Year	Adjustment upon Deletion	As at 31.03.2013	As at 31.03.2012
TANGIBLE ASSETS											
LAND											
(a) Freehold	16.34	0.07	—	—	—	16.41	—	—	—	16.41	16.34
(b) Leasehold	16.92	—	—	—	—	16.92	0.50	—	0.62	16.30	16.42
BUILDINGS	87.00	12.69	—	—	0.14	99.83	20.92	—	23.90	75.93	66.08
FURNITURE & FIXTURES	5.09	0.12	—	—	—	5.21	3.70	—	3.96	1.25	1.39
PLANT & MACHINERY	688.18	94.52	11.23	4.18	1.10	776.75	349.23	6.07	393.08	383.67	338.95
DIES & MOULDS (Refer note 38)	—	29.73	—	—	—	29.73	—	—	8.30	21.43	—
OFFICE EQUIPMENT	21.39	1.42	0.01	—	—	22.80	15.90	0.01	17.46	5.34	5.49
VEHICLES	13.90	2.26	3.69	—	—	12.47	8.51	2.83	7.34	5.13	5.39
	848.82	140.81	14.93	4.18	1.24	980.12	398.76	8.91	454.66	525.46	450.06
INTANGIBLE ASSETS											
COMPUTER SOFTWARE	9.45	0.47	—	—	—	9.92	8.22	—	8.35	1.57	1.23
	9.45	0.47	—	—	—	9.92	8.22	—	8.35	1.57	1.23
CURRENT YEAR											
TOTAL	858.27	141.28	14.93	4.18	1.24	990.04	406.98	8.91	463.01	527.03	451.29
PREVIOUS YEAR											
TOTAL	833.37	44.17	24.76	4.97	0.52	858.27	357.82	7.19	406.98	451.32	475.55

Note: Lease hold land includes Rs.16.92 Crores (Gross) of lands situated at Bhiwadi (Rajasthan), Oragadam (Chennai) and Singur (West Bengal) (Previous year Rs.16.92 Crores).



RICO AUTO INDUSTRIES LIMITED

Summary of Significant Accounting Policies and other Explanatory Notes (Contd.)

	As at March 31, 2013 (Rs. in Crores)	As at March 31, 2012 (Rs. in Crores)
Note 14 – NON CURRENT INVESTMENTS		
Long Term Investment (At Cost) – Unquoted		
Investments in Subsidiaries		
Rico Auto Industries Inc., USA 2,500 Equity Shares of US\$ 10/- each (Previous year 2,500 Equity Shares of US\$ 10/- each)	0.12	0.12
Rico Auto Industries (UK) Limited, U.K. 20,000 Equity Shares of GBP 1/- each (Previous year 20,000 Equity Shares of GBP 1/- each)	0.17	0.17
Rasa Autocom Limited 2,00,00,000 Equity Shares of Rs.10/- each (Previous year 75,000 Equity Shares of Rs.10/- each)	20.00	0.08
Uttarakhand Automotives Limited 4,10,000 Equity Shares of Rs.10/- each (Previous year 4,10,000 Equity Shares of Rs.10/- each)	0.41	0.41
RAA Autocom Limited 50,000 Equity Shares of Rs.10/- each (Previous year 50,000 Equity Shares of Rs.10/- each)	0.05	0.05
AAN Engineering Industries Limited 50,000 Equity Shares of Rs.10/- each (Previous year 50,000 Equity Shares of Rs.10/- each)	0.05	0.05
Rico Jinfei Wheels Limited 3,05,25,000 Equity Shares of Rs.10/- each (Previous year 92,50,000 Equity Shares of Rs.10/- each)	30.53	9.25
Investment in Joint Ventures		
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
Magna Rico Powertrain Private Limited 1,96,20,000 Equity Shares of Rs.10/- each (Previous year 1,71,20,000 Equity Shares of Rs.10/- each)	19.62	17.12
	<u>74.90</u>	<u>31.20</u>
Note 15 – LONG TERM LOANS AND ADVANCES		
a) Capital Advances:		
Unsecured, considered good	10.37	9.85
Unsecured, considered doubtful	0.14	0.17
Less : Provision for doubtful advances (Includes advances to related parties, refer Note 46)	(0.14)	(0.17)
b) Security Deposits:		
Unsecured, considered good	4.72	4.57
c) Loans and Advances to Related Parties:		
Unsecured, considered good (Refer Note 46)	49.49	72.67
d) Loans and Advances to Employees:		
Unsecured, considered good	0.16	0.56
e) Advance Income Tax (Net of Provisions)	13.46	12.37
f) Prepaid Expenses	0.11	0.03
g) Others	1.02	0.16
	<u>79.33</u>	<u>100.21</u>

Summary of Significant Accounting Policies and other Explanatory Notes (Contd.)

	As at March 31, 2013 (Rs. in Crores)	As at March 31, 2012 (Rs. in Crores)
Note 16 – INVENTORIES		
(valued at cost or net realizable value whichever is lower)		
As valued and certified by the Management -		
Stores & Spares (Refer Note 38)	26.96	39.94
Raw Material & Components	17.17	17.60
Goods-in-Transit – Components	1.40	0.05
Work-in-progress	30.32	34.12
Finished Goods	2.78	2.10
Goods-in-Transit – Finished Goods	—	2.07
	<u>78.63</u>	<u>95.88</u>
Note 17 – TRADE RECEIVABLES		
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they were due for payment	14.22	1.86
Other debts	120.36	167.13
	<u>134.58</u>	<u>168.99</u>
Note 18 – CASH AND BANK BALANCES		
Cash and Cash equivalents		
Cash in hand	0.24	0.37
Cheques in hand	0.60	—
Balances with Banks		
In Current Accounts	4.85	1.88
Other Bank Balances		
In Dividend Accounts	0.33	0.36
	<u>6.02</u>	<u>2.61</u>
Note 19 – SHORT TERM LOANS AND ADVANCES		
(Unsecured considered good)		
Inter Corporate Deposits	12.25	10.00
Loans and Advances to Employees	1.08	0.78
Advance to Suppliers	14.22	23.43
Advance to Related Parties (Refer Note 46)	20.85	—
Prepaid Expenses	2.53	1.53
Balance with Statutory/Government Authorities on account of:		
Service Tax	1.92	1.83
Excise Duty	13.78	12.92
Sales Tax	0.31	0.03
Others	7.09	9.03
	<u>74.03</u>	<u>59.55</u>
Note 20 – OTHER CURRENT ASSETS		
Interest accrued on Electricity Security Deposit	0.04	0.15
Insurance Claim Receivable (Refer Note 37)	1.02	0.22
Export Incentive Receivable	5.62	5.75
	<u>6.68</u>	<u>6.12</u>

RIKO AUTO INDUSTRIES LIMITED

Summary of Significant Accounting Policies and other Explanatory Notes (Contd.)

	Year ended March 31, 2013 (Rs. in Crores)	Year ended March 31, 2012 (Rs. in Crores)
Note 21 – REVENUE FROM OPERATIONS		
Sales of Products (Refer Note A below)	1127.09	1177.16
Job Work Charges	2.36	0.02
Other Operating Revenues		
Scrap Sales	4.06	3.42
Duty Draw Back and other Export Incentives	6.56	6.71
Others	2.54	3.56
	<u>1142.61</u>	<u>1190.87</u>
Note A:		
Detail of major Products Sold		
Auto Parts - Aluminium	864.97	887.58
Auto Parts - Ferrous	257.89	281.60
Dies & Moulds	4.23	7.98
	<u>1127.09</u>	<u>1177.16</u>
Note 22 – OTHER INCOME		
Interest Income	8.78	11.99
Dividend Income	2.96	2.96
Exchange Rate Fluctuation (Net)	3.89	6.40
Rental Income from Operating Lease	3.10	2.09
Support Services	18.43	10.58
Miscellaneous Income	5.80	0.79
	<u>42.96</u>	<u>34.81</u>
Note 23 – COST OF RAW MATERIALS AND COMPONENTS CONSUMED		
<u>Raw Materials & Components</u>		
Opening Stock	17.60	22.17
Add : Purchase during the year	635.91	658.32
Less : Closing Stock (Refer Note B)	17.17	17.60
Raw Materials & Components Consumed (Refer Note A)	<u>636.34</u>	<u>662.89</u>
Note:		
A. Detail of major Components of Raw Material Consumption are as follows:		
Aluminium Alloy	238.90	227.05
Pig Iron & Steel Scrap	63.29	68.67
Other Materials & Components	334.15	367.17
Total	<u>636.34</u>	<u>662.89</u>
B. Detail of closing stock of Raw Materials and Components are as follows:		
Aluminium Alloy	2.76	3.37
Pig Iron & Steel Scrap	1.71	3.94
Other Materials & Components	12.70	10.29
Total	<u>17.17</u>	<u>17.60</u>

Summary of Significant Accounting Policies and other Explanatory Notes (Contd.)

	Year ended March 31, 2013 (Rs. in Crores)	Year ended March 31, 2012 (Rs. in Crores)
Note 24 – CHANGE IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS		
a) Work-in-Progress		
Opening Stock	34.12	37.54
Closing Stock	<u>30.32</u>	<u>34.12</u>
	<u>3.80</u>	<u>3.42</u>
b) Finished Goods		
Opening Stock	4.17	2.46
Closing Stock	<u>2.78</u>	<u>4.17</u>
	<u>1.39</u>	<u>(1.71)</u>
Excise duty on Finished Goods	<u>0.09</u>	<u>(0.17)</u>
Total	<u>5.28</u>	<u>1.54</u>
Note 25 – EMPLOYEE BENEFIT EXPENSE		
Salaries, Wages and Bonus	98.23	94.30
Contribution to Provident and other Funds (Refer Note 34)	9.54	9.92
Staff Welfare Expenses	<u>3.89</u>	<u>3.78</u>
	<u>111.66</u>	<u>108.00</u>
Note 26 – FINANCE COST		
Interest Expenses on		
i) Borrowings	53.80	52.88
ii) Trade Payables	3.26	4.88
Other Borrowing Costs	1.24	2.58
Net Loss on Foreign Currency transactions and translation on borrowings	<u>4.78</u>	<u>7.53</u>
Total Financial Charges	<u>63.08</u>	<u>67.87</u>
Note 27 – OTHER EXPENSES		
Consumption of Stores and Spares		
Mechanical Spares Consumed	12.23	14.40
Electrical Spares Consumed	5.58	5.75
Others Stores and Spares Consumed	<u>16.40</u>	<u>45.84</u>
Power and Fuel	85.09	81.05
Sub Contractor Expenses	35.32	34.35
Rent	1.33	0.28
Repairs		
To Buildings	1.18	2.03
To Machinery	3.99	4.21
To Others	<u>2.24</u>	<u>2.29</u>
Insurance	2.75	1.73
Rates and Taxes	2.04	1.47
Directors' Sitting Fees	0.08	0.07
Travelling and Conveyance	2.89	2.99
Payment to Auditors*	0.23	0.18
Legal and Professional	2.03	3.36
Vehicle Running and Maintenance Expenses	3.78	3.62
Freight and forwarding	<u>14.33</u>	<u>16.08</u>
Line Rejection and re-work charges	4.12	5.08
Miscellaneous Expenses	<u>4.18</u>	<u>4.24</u>
	<u>199.79</u>	<u>229.02</u>

RIKO AUTO INDUSTRIES LIMITED

Summary of Significant Accounting Policies and other Explanatory Notes (Contd.)

	Year ended March 31, 2013 (Rs. in Crores)	Year ended March 31, 2012 (Rs. in Crores)
Note:		
*Payment to the Auditors comprises:		
Statutory Audit (including Limited Reviews)	0.17	0.11
Taxation Matters	0.01	0.04
Others	0.03	0.01
Out of Pocket Expenses	0.02	0.02
	<u>0.23</u>	<u>0.18</u>
Note 28 – PRIOR PERIOD ITEMS (NET)		
Impairment Loss, reversed	(4.36)	—
Interest Expenses on Borrowings	3.54	0.01
Line Rejection, Re-work and Warranty Claim	0.13	0.05
Other Operating Revenues	(0.13)	(0.11)
Rates and Taxes	0.12	0.00
Repairs		
To Buildings	0.07	0.23
Legal and Professional	0.10	0.09
Power and Fuel	0.00	(0.12)
Other Stores and Spares Consumed	0.08	0.02
Staff Welfare Expenses	0.05	0.01
Other Expenses	0.10	0.02
	<u>(0.30)</u>	<u>0.20</u>
Note 29 – EXCEPTIONAL ITEMS		
Impairment Loss on Singur Plant	—	4.85
Loss on Sale of Investments	—	6.39
[Received Rs.48,61,06,000/- (EURO 74,00,000 @Rs.65.69) on account of disposal of investment in Continental Rico Hydraulic Brakes India Pvt. Ltd. of Rs.55,00,00,000/- (5,50,00,000 Equity Shares @Rs.10/- each)]	—	—
	<u>—</u>	<u>11.24</u>
Note 30 – EARNING/(LOSS) PER SHARE		
Profit/(loss) after Tax (A)	10.16	(3.94)
Weighted average number of Equity Shares (basic/diluted)(B)	135285000	135285000
Nominal value of Equity Share (Rupee)	1.00	1.00
Earning/(loss) Per Share (A/B) (Rupee)	<u>0.75</u>	<u>(0.29)</u>

Summary of Significant Accounting Policies and other Explanatory Notes (Contd.)

Note 31 – CONTINGENT LIABILITIES

l) Demand against the Company not acknowledged as Liability

Particulars	(Rs. in Crores)	
	Year ended March 31, 2013	Year ended March 31, 2012
i) Income Tax	0.16	4.58
ii) Sales Tax	0.79	0.49
iii) Excise and Service Tax	11.42	10.46
iv) Others	5.61	5.61

Income Tax Cases

- Income tax department has raised demand for Rs.0.12 crore (previous year Rs.4.54 crores). This is on account of filing of incorrect particulars regarding challans deposited as compared to actual challans deposited. The Company has rectified error of Rs.4.54 crores during the year ended March 31, 2013.
- Demand of Rs.0.04 crore (previous year Rs.0.04 crore), including interest, for the assessment year 2005-06 was issued in relation to disallowance of certain expenses amounting to Rs.0.05 crore. The demand was set aside by Commissioner (Appeals) and a further appeal was filed on November 27, 2012 before Income Tax Appellate Tribunal, Chandigarh. Hearing before ITAT was held on May 14, 2013 and the matter was decided in favor of the Company. The order copy of the ITAT is awaited.

Sales Tax Cases

- Demand order of assessment received under Haryana VAT Act, 2003 for Rs.0.45 crore (previous year Rs.0.45 crore) for disallowing the input tax on purchase of furnace oil. An appeal has been filed on May 15, 2010 before the Joint Excise & Taxation Commissioner (Appeals), Faridabad.
- The Deputy Excise and Taxation Commissioner-cum-assessing authority, Gurgaon has raised demand order dated March 29, 2013 of Rs.0.30 crore (previous year Nil) against short submission of C forms. The Company is required to submit the relevant C forms by May 30, 2013.
- A demand was raised under Haryana VAT Act, 2003 for denial of input credit availed on purchase of furnace oil. The demand was confirmed by Joint Commissioner (Range) for Rs.0.04 crore (previous year Rs.0.04 crore). An appeal was filed with Haryana Sales Tax Tribunal on February 23, 2013. The matter is yet to be decided by the Tribunal.

Excise and Service Tax Cases

- Department has issued a show cause notice dated August 23, 2007 on the ground that the capital goods namely roof ventilator and evaporating cooling machine are not capital goods for the purpose of availment of CENVAT credit. Commissioner of Central Excise has confirmed the demand along with an equal amount of penalty. Appeal filed to CESTAT on April 28, 2009 against the decision. However, the CESTAT has granted unconditional stay from recovery of impugned amount on deposit of Rs.0.03 crore. Amount involved is Rs.0.42 crore (previous year Rs.0.36 crore). No hearing has taken place since June 15, 2009.
- A show cause notice was received from the Commissioner of Central Excise on March 16, 2004 by Dharuhera division. Through order of Commissioner of Central Excise, Cenvat credit disallowed is Rs.0.55 crore and penalty and interest is also levied. Total amount involved is Rs.1.91 crores (previous year Rs.1.81 crores). CESTAT has in its order dated May 8, 2013 decided the appeal in favor of the Company. But the time limit for the department to file further appeal against the decision has not lapsed.
- Central Excise Authority had denied MODVAT/CENVAT availed for wrong description of material and tariff number on invoice of the vendor. The amount involved is Rs.0.15 crore (previous year Rs.0.14 crore). The Additional Commissioner, Central Excise, Delhi has decided in favor of the Company. An appeal was filed by Commissioner of Central excise, Delhi, before CESTAT on July 29, 2008, against the order. CESTAT upheld the decision given by Commissioner (Appeals) in favor of the Company. But the time limit for the department to file further appeal against the decision has not lapsed, hence this is considered as contingent liability.
- A show cause notice was issued by the Commissioner on removal of dies for job work without payment of duty. Commissioner passed the order on September 15, 2008 demanding excise duty of Rs.0.75 crore, penalty of equal amount, interest at the applicable rate and a fine in lieu of confiscation of Rs.0.10 crore on the dies released provisionally. Further, Company has also furnished a bond of Rs.0.42 crore and a bank guarantee of Rs.0.004 crore. A stay application was filed before the CESTAT. Total amount involved is Rs.2.36 crores (previous year Rs.2.22 crores).
- A show cause notice has been received from the Additional Commissioner of Central Excise towards Cenvat availed on outward freight during 2005-06 and 2006-07. The Joint Commissioner confirmed the demand against which the Company

Summary of Significant Accounting Policies and other Explanatory Notes (Contd.)

appealed before CESTAT. The Tribunal remanded back the case to the Commissioner (Appeals) and it is pending before it. Amount involved is Rs.0.22 crore (previous year Rs.0.21 crore).

- f. A show cause notice was received from the Joint Commissioner of Central Excise towards cenvat credit availed on custom house agent and courier export related services during previous years 2004-05 to 2007-08. The Commissioner has confirmed the demand against which the Company filed an appeal before CESTAT. CESTAT ordered pre deposition of Rs.0.24 crore. The amount involved is Rs.1.33 crores (previous year Rs.1.01 crores).
- g. A show cause notice was received from Additional Commissioner of Central Excise on availment of cenvat on construction and other repair and maintenance service during previous years 2005-06 to 2010-11. Commissioner of Central Excise confirmed the demand against which the Company filed an appeal before the CESTAT on June 29, 2012. CESTAT has granted an unconditional stay on February 19, 2013. The amount involved is Rs.1.92 crores (previous year Rs.1.81 crores).
- h. Additional Commissioner disallowed cenvat credit availed on consultancy charges, courier charges etc. for the period March, 2005 to December, 2010 amounting to Rs.0.39 crore, imposed penalty of Rs.0.39 crore and provisional interest of Rs.0.09 crore. The Company filed an appeal against the order before the Commissioner (Appeals) which was adjudged in favor of the Company on February 15, 2013. But the time limit to file further appeal against the decision has not lapsed. The amount involved is Rs.0.88 crore (previous year Rs.0.81 crore).
- i. Assistant Commissioner disallowed cenvat credit availed on service tax paid on different activities. Amount involved is Rs.0.06 crore (previous year Rs.0.06 crore). The case is decided by Assistant Commissioner against the Company on February 11, 2011. Company has filed an appeal before the Commissioner against the order. Hearing for the appeal is on June 5, 2013.
- j. A show cause notice was issued by the department as the Company did not charge service tax on the amount charged for modification of dies on request of customers. Amount involved is Rs.0.24 crore (previous year Rs.0.24 crore). The case is decided by Additional Commissioner in favor of the Company on May 25, 2013. But the time limit for the department to file further appeal against the decision has not lapsed.
- k. A show cause notice was issued disallowing cenvat credit related to service tax. An appeal was filed before the Commissioner (Appeals) and the decision was given in favor of the department. The Company intends to file an appeal to Tribunal against the decision. The amount involved is Rs.0.04 crore (previous year Rs.0.04 crore).
- l. The department has issued a show cause notice for selling identical parts at two different assessable values to the same customer at the same time and place of removal. Amount involved is Rs.1.89 crores (previous year Rs.1.75 crores). Company has submitted their reply against show cause order to the Commissioner of Central Excise.

Others

- a. Dakshin Haryana Bijli Vitran Nigam (DHBVN) has demanded Rs.5.60 crores (previous year Rs.5.60 crores) for overdrawing power as compared to approved load limit. Case is pending at Hon'ble High court of Punjab and Haryana through writ petition filed on January 22, 2013 by DHBVN. The case came up for hearing on March 5, 2013 and is adjourned till September 10, 2013 for further hearing.
- b. A demand was raised under Haryana Local Area Development Tax Act, 2000 for tax on central purchase of certain items. An appeal was filed before Joint Commissioner (Appeal) and the amount involved is Rs.0.01 crore (previous year Rs.0.01 crore).

II) Guarantees

- a. On behalf of Subsidiary Companies:

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

(Rs. in Crores)

Name of the Subsidiary	Year ended March 31, 2013	Year ended March 31, 2012
i) Rasa Autocom Limited	43.00	43.00
ii) Rico Jinfei Wheels Limited	10.00	10.00

- b. On behalf of others:

(Rs. in Crores)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
i) Bank Guarantees outstanding	3.83	3.63

Summary of Significant Accounting Policies and other Explanatory Notes (Contd.)

III) Others

- a. Letters of Credit outstanding in favour of suppliers for Rs.6.14 crores (previous year Rs.5.82 crores).
- b. Surety bonds executed in favor 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.120.83 crores).

Note 32 – The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMEDA). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2013 has been made in the financial statements based on information received and available with the Company.

Note 33 – COMMITMENTS

Particulars	(Rs. in Crores)	
	Year ended March 31, 2013	Year ended March 31, 2012
Estimated amount of contracts remaining to be executed on account of Capital commitments net of advances Rs.10.51 crores (previous year Rs.10.02 crores)	11.06	11.69

Note 34 – EMPLOYMENT BENEFITS

A. Provident Fund and other Funds

Particulars	(Rs. in Crores)	
	Year ended March 31, 2013	Year ended March 31, 2012
Employer's contribution to Provident Fund	4.39	4.49
Employer's contribution to ESI	0.88	1.01

B. Defined Benefit Plan

Particulars	(Rs. in Crores)	
	Year ended March 31, 2013	Year ended March 31, 2012
I) Change in Defined Benefit Obligation		
a) Present Value of Obligation as at beginning of the year	10.33	8.23
b) Current Service Cost	1.02	0.91
c) Interest Cost	0.86	0.65
d) Benefits Paid	(0.85)	(0.79)
e) Actuarial Loss	1.65	1.33
Present Value of Obligation as at end of the year	13.01	10.33
II) Change in Fair Value of Plan Assets		
a) Fair Value of Plan Assets at the beginning of the year	5.28	4.55
b) Expected Return on Plan Assets	0.45	0.47
c) Employer's Contributions	0.01	1.04
d) Benefits Paid	(0.85)	(0.79)
e) Actuarial Gain	0.01	0.01
Fair Value of Plan Assets as at end of the year	4.90	5.28
III) The Amounts to be Recognized in Balance Sheet		
a) Present Value of Obligation as at the end of the period	13.01	10.33
b) Fair Value of Plan Assets as at the end of the period	4.90	5.28
Net Liability Recognized in Balance Sheet	8.11	5.05
IV) Expense Recognized in the Statement of Profit and Loss		
a) Current Service Cost	1.02	0.91
b) Interest Cost	0.86	0.65
c) Net Actuarial Loss Recognized	1.63	1.33
d) Expected Return on Planned Assets	(0.45)	(0.47)
Expenses Recognised in the Statement of Profit and Loss	3.06	2.42

RIKO AUTO INDUSTRIES LIMITED

Summary of Significant Accounting Policies and other Explanatory Notes (Contd.)

V) Amount for the Current and Previous Years are as follows

(Rs. in Crores)

S. No.	Particulars	Year ended				
		March 31, 2009	March 31, 2010	March 31, 2011	March 31, 2012	March 31, 2013
1.	Defined Benefit Obligation at the end of the period	(5.36)	(6.40)	(8.23)	(10.33)	(13.01)
2.	Plan Assets at the end of the period	3.40	4.51	4.55	5.28	4.90
3.	Funded Assets	(1.95)	(1.89)	(3.68)	(5.05)	(8.11)
4.	Experience loss adjustments on Plan Liabilities	(0.34)	(0.32)	(0.97)	(0.64)	(0.96)
5.	Experience gain adjustments on Plan Assets	0.02	–	–	0.01	0.01
6.	Actuarial gain/(loss) due to change in Actuarial Assumptions	0.17	0.15	–	(0.70)	(0.68)

VI) Assumptions Used to Determine the Benefit Obligations

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Discount Rate	8.20%	8.70%
Rate of increase in compensation levels	6.00%	6.00%
Expected rate of return on Planned Assets	9.25%	9.25%

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

C. Other Long Term Benefit Plan

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
I) Actuarial Valuation has been done with the following Assumptions		
Discount Rate	8.20%	8.70%
Rate of increase in Compensation Levels	6.00%	6.00%
Expected rate of return on Planned Assets	9.25%	9.25%

Note 35 – EXPENSES ON RESEARCH AND DEVELOPMENT

(Rs. in Crores)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Capital Expenditure	0.08	0.10
Employees Remuneration and Benefits	2.32	1.82
Revenue Expenses other than Depreciation	0.92	1.08
Depreciation on Research and Development Assets	0.45	0.45

Summary of Significant Accounting Policies and other Explanatory Notes (Contd.)

Note 36 – COMPOSITION OF IMPORTED AND INDIGENOUS RAW MATERIALS (INCLUDING COMPONENTS AND SPARES) (Rs. in Crores)

Particulars	Year ended March 31, 2013		Year ended March 31, 2012	
	Value	Percentage to Total Consumption	Value	Percentage to Total Consumption
1. ALUMINIUM ALLOY				
Indigenous	238.90	31.00%	227.05	29.51%
Imported	—	—	—	—
2. PIG IRON & STEEL SCRAP				
Indigenous	62.75	8.14%	68.67	8.92%
Imported	0.54	0.07%	—	—
3. OTHER MATERIALS & COMPONENTS				
Indigenous	399.66	51.86%	387.53	50.37%
Imported	2.97	0.39%	8.57	1.11%
4. STORES & SPARE PARTS				
Indigenous	60.37	7.83%	74.42	9.67%
Imported	5.47	0.71%	3.22	0.42%

— Consumption includes interunit Rs.100.11 crores (previous year Rs.40.58 crores).

Note 37 – A fire broke out on December 7, 2012 at one section of the Company's ferrous foundry unit located at the Gurgaon plant. As a result, fixed assets having a written down value of Rs.1.55 crores and raw materials amounting to Rs.0.29 crore were destroyed. Net amount of Rs.1.02 crores (after considering the salvage value of Rs.0.82 crore) has been shown as receivable from insurance Company in the books of accounts. The management has lodged a claim with the insurance Company and does not foresee any financial loss on this account.

Note 38 – Until March 31, 2012, the Company was recording dies and moulds as stores and spares in inventory which was charged to consumption in the year of use. During the year ended March 31, 2013 the Company, based on the technical evaluation and keeping in view the industry practice, has changed its accounting policy wherein such inventory is treated as fixed assets. Dies are now depreciated over their respective useful lives based on a technical estimate. Due to this change in accounting policy, reported profit for the current year is higher by Rs.9.07 crores whereas fixed assets are higher by Rs.21.43 crores and inventory is lower by Rs.12.36 crores.

(Rs. in Crores)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Note 39 – CIF VALUE OF IMPORTS		
Capital Goods	17.19	6.49
Raw Materials	0.82	1.24
Components	1.87	4.19
Stores & Spares	3.52	5.22
Note 40 – EXPENDITURE IN FOREIGN CURRENCY		
Bank Charges against Export	0.01	0.01
Travelling Expenses	0.48	0.76
Professional Charges	0.11	0.61
Repair & Maintenance (Machinery)	0.01	0.03
Others	6.16	3.94
Note 41 – EARNINGS IN FOREIGN CURRENCY		
F.O.B. Value of Export	170.00	183.71
Others	7.64	12.48

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Summary of Significant Accounting Policies and other Explanatory Notes (Contd.)

Note 42 – CURRENT ASSETS, LOANS & ADVANCES

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

Note 43 – DETAILS OF DERIVATIVE INSTRUMENTS OUTSTANDING ON MARCH 31, 2013

Particulars of Hedged Derivatives	March 31, 2013	March 31, 2012	Purpose
Forward contracts - cash flow hedge(in US\$)			
Buy (in US\$)	0.10	0.10	Hedge of future payment towards term loan
Sell (in US\$)	0.04	0.25	Hedge of future receipts towards export
Sell (in Euro)	0.02	0.11	Hedge of future receipts towards export

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

Particulars	March 31, 2013	March 31, 2012
(Rs. in Crores)		
Receivables and Advances		
Exports outstanding	51.56	66.70
Payables		
Payable on Imports	4.54	3.11
Loans (Secured)		
Buyer's Credit Facility	29.60	40.52
Term Loan	27.75	38.77

Note 44 – INFORMATION PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENTS WITH STOCK EXCHANGES

(Rs. in Crores)

Loans and Advances in the Nature of Loans to Subsidiaries and Associates		Balance as on		Maximum Balance during the Year ended	
Name of Entity	Status	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Rasa Autocom Limited	Subsidiary	0.17	12.12	12.46	23.98
Rico Jinfei Wheels Limited	Subsidiary	23.72	38.30	40.37	39.15
Uttarakhand Automotives Limited	Subsidiary	23.32	20.62	23.32	20.62
RAA Autocom Limited	Subsidiary	1.80	1.61	1.80	5.43
AAN Engineering Industries Limited	Subsidiary	0.48	0.14	0.48	0.14

Note 45 – The Company's operating lease payments are due on premises taken on lease for operating activities. Aggregate rental expenses under operating leases amounted to Rs.1.33 crores (previous year Rs.0.28 crore) for the year, has been charged to the statement of profit and loss.

The Company's future minimum operating lease payments in respect of premises taken on lease are as follows:

(Rs. in Crores)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Minimum lease payments		
Due within one year	1.42	0.97
Due for period more than one but less than five years	6.22	6.22
Due for period more than five years	16.76	18.18
Total minimum lease payment	24.40	25.37

Summary of Significant Accounting Policies and other Explanatory Notes (Contd.)

Note 46 – RELATED PARTY DISCLOSURES

A. Related Parties where control exists

Name of the Related Parties	Description of Relationship
Rico Auto Industries Inc. USA	Subsidiary
Rico Auto Industries (UK) Limited, UK	Subsidiary
Rasa Autocom Limited	Subsidiary
Uttarakhand Automotives Limited	Subsidiary
RAA Autocom Limited	Subsidiary
AAN Engineering Industries Limited	Subsidiary
Rico Jinfei Wheels Limited	Subsidiary
FCC Rico Limited	Joint Venture
Magna Rico Powertrain Private Limited	Joint Venture
Rico Castings Limited	Entity in which KMP exercise significant influence
Octan Media Limited	Entity in which KMP exercise significant influence
Kapbros Engineering Industries Limited	Entity in which KMP exercise significant influence
Kapsons Associates Investments Private Limited	Entity in which KMP exercise significant influence
Higain Investments Private Limited	Entity in which KMP exercise significant influence
Raasaa Retail Private Limited	Entity in which KMP exercise significant influence
Haridwar Estates Private Limited	Entity in which KMP exercise significant influence

B. Key Management Personnel

Details of Key Management Personnel are as under:

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

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

(Rs. in Crores)

Particulars	Key Management Personnel and their relatives		Other parties which significantly influence/influenced by Company (either individually or otherwise)	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
I) Transactions during the year				
A. Goods Purchased				
Rico Castings Limited	—	—	42.26	50.76
FCC Rico Limited	—	—	9.84	12.63
Rasa Autocom Limited	—	—	9.15	19.71
Rico Jinfei Wheels Limited	—	—	0.57	0.79
Kapbros Engineering Industries Limited	—	—	0.51	0.00
B. Goods Sold				
Rico Auto Industries Inc, USA	—	—	69.94	88.99
FCC Rico Limited	—	—	57.34	69.37
Rico Auto Industries (UK) Limited, UK	—	—	46.59	52.10
Kapbros Engineering Industries Limited	—	—	5.66	0.09

RICO AUTO INDUSTRIES LIMITED

Summary of Significant Accounting Policies and other Explanatory Notes (Contd.)

(Rs. in Crores)

Particulars	Key Management Personnel and their relatives		Other parties which significantly influence/influenced by Company (either individually or otherwise)	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Magna Rico Powertrain Private Limited	—	—	2.15	1.67
Rico Jinfei Wheels Limited	—	—	1.88	0.38
Rico Castings Limited	—	—	0.93	0.75
Rasa Autocom Limited	—	—	0.56	3.21
Continental Rico Hydraulic Brakes India Private Limited	—	—	0.00	4.11
C. Assets Purchased				
Kapbros Engineering Industries Limited	—	—	2.72	0.00
Rasa Autocom Limited	—	—	1.91	7.69
Rico Castings Limited	—	—	0.32	0.21
Magna Rico Powertrain Private Limited	—	—	0.00	0.17
RAA Autocom Limited	—	—	0.00	4.30
D. Assets Sold				
Rico Jinfei Wheels Limited	—	—	0.76	0.00
Rasa Autocom Limited	—	—	0.53	2.76
Kapbros Engineering Industries Limited	—	—	0.14	15.35
E. Miscellaneous Sales				
Rasa Autocom Limited	—	—	0.15	0.00
Kapbros Engineering Industries Limited	—	—	0.00	0.25
F. Job Work Expenses				
Kapbros Engineering Industries Limited	—	—	12.29	14.89
FCC Rico Limited	—	—	0.02	0.00
Rico Jinfei Wheels Limited	—	—	0.02	0.89
Rasa Autocom Limited	—	—	0.02	0.00
G. Job Work Income				
Rico Jinfei Wheels Limited	—	—	0.60	—
Rasa Autocom Limited	—	—	0.18	—
FCC Rico Limited	—	—	0.00	0.01
H. Rent Received				
Continental Rico Hydraulic Brakes India Private Limited	—	—	0.00	1.75
Magna Rico Powertrain Private Limited	—	—	0.00	0.08
AAN Engineering Industries Limited	—	—	0.07	0.10
I. Investments made during the year				
Rico Jinfei Wheels Limited	—	—	21.28	0.00
Rasa Autocom Limited	—	—	19.92	0.00
Magna Rico Powertrain Private Limited	—	—	2.50	3.50
Continental Rico Hydraulic Brakes India Private Limited	—	—	0.00	4.35
AAN Engineering Industries Limited	—	—	0.00	0.05
J. Administration, Finance, Production Support Service				
FCC Rico Limited	—	—	11.61	11.45
Rasa Autocom Limited	—	—	1.60	0.00
Rico Castings Limited	—	—	1.80	0.00
Kapbros Engineering Industries Limited	—	—	1.80	0.00
Magna Rico Powertrain Private Limited	—	—	0.02	0.00
Rico Jinfei Wheels Limited	—	—	1.60	0.00

Summary of Significant Accounting Policies and other Explanatory Notes (Contd.)

(Rs. in Crores)

Particulars	Key Management Personnel and their relatives		Other parties which significantly influence/influenced by Company (either individually or otherwise)	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
K. Rent Paid				
Kapsons Associates Investments Private Limited	—	—	0.35	0.35
L. Net Loan given/(repaid) during the year				
Rico Jinfei Wheels Limited	—	—	(14.62)	34.44
Rasa Autocom Limited	—	—	(11.95)	13.25
AAN Engineering Industries Limited	—	—	0.34	0.14
Uttarakhand Automotives Limited	—	—	2.70	2.33
RAA Autocom Limited	—	—	0.20	1.30
Haridwar Estates Private Limited	—	—	0.00	0.70
M. Interest Received on Loan				
Uttarakhand Automotives Limited	—	—	2.71	2.40
Rico Jinfei Wheels Limited	—	—	3.29	4.09
Rasa Autocom Limited	—	—	0.84	2.20
RAA Autocom Limited	—	—	0.21	0.55
AAN Engineering Industries Limited	—	—	0.04	0.00
N. Dividend Received				
FCC Rico Limited	—	—	2.96	2.96
O. Guarantees given				
Rasa Autocom Limited	—	—	43.00	43.00
Rico Jinfei Wheels Limited	—	—	10.00	10.00
P. Investments Written Off during the year				
KRP Auto Industries Limited	—	—	0.00	20.30
Continental Rico Hydraulic Brakes India Private Limited	—	—	0.00	55.00
Q. Loan Received back during the year				
Rico Jinfei Wheels Limited	—	—	0.00	22.03
Rasa Autocom Limited	—	—	0.00	15.15
R. Remuneration Paid to Key Management Personnel	1.79	5.24	—	—
II) Balance Outstanding at Year End				
A. Balance Recoverable				
FCC Rico Limited	—	—	5.24	10.80
Rico Auto Industries Inc, USA	—	—	19.19	27.71
Rico Auto Industries (UK) Limited, UK	—	—	16.66	21.32
Haridwar Estates Private Limited	—	—	9.72	9.37
Rico Castings Limited	—	—	19.86	3.55
Rasa Autocom Limited	—	—	10.31	18.21
Rico Jinfei Wheels Limited	—	—	2.10	38.33
Kapbros Engineering Industries Limited	—	—	5.92	0.00
Magna Rico Powertrain Private Limited	—	—	0.59	0.57
Continental Rico Hydraulic Brakes India Private Limited	—	—	0.00	6.81
RAA Autocom Limited	—	—	0.00	1.60
AAN Engineering Industries Limited	—	—	0.00	0.23
Uttarakhand Automotives Limited	—	—	0.00	20.62

RICO AUTO INDUSTRIES LIMITED

Summary of Significant Accounting Policies and other Explanatory Notes (Contd.)

(Rs. in Crores)

Particulars	Key Management Personnel and their relatives		Other parties which significantly influence/influenced by Company (either individually or otherwise)	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
B. Balance Payable				
FCC Rico Limited	—	—	0.04	0.00
Rasa Autocom Limited	—	—	3.56	7.64
Rico Jinfei Wheels Limited	—	—	0.68	1.29
Kapros Engineering Industries Limited	—	—	1.27	0.22
Magna Rico Powertrain Private Limited	—	—	0.00	0.15
Rico Castings Limited	—	—	10.24	0.00
C. Loan Outstanding (Interest Bearing)				
Rico Jinfei Wheels Limited	—	—	23.72	38.33
Uttarakhand Automotives Limited	—	—	23.32	20.62
RAA Autocom Limited	—	—	1.80	1.60
AAN Engineering Industries Limited	—	—	0.48	0.14
Rasa Autocom Limited	—	—	0.17	12.12

Note 47 – INVESTMENTS IN JOINT VENTURES

S.No.	Joint Venture	Location	Principal Activities	Ownership Interest
1.	FCC Rico Limited	India	Manufacture and Sale of Auto Components	50%
2.	Magna Rico Powertrain Private Limited	India	Manufacture and Sale of Auto Components	50%

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

(Rs. in Crores)

Particulars	Magna – 50%		FCC – 50%	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Liabilities				
Reserves and Surplus	(8.00)	(8.27)	90.08	71.32
Non-current Liabilities	0.06	0.04	33.13	12.44
Current Liabilities	5.52	3.82	84.69	76.61
Assets				
Non-current Assets	8.09	7.20	93.07	61.42
Current Assets	9.27	5.51	120.07	102.90
Income	17.88	10.04	426.21	378.44
Expenses	16.54	11.32	376.77	352.71
Profit after Tax and Prior Period Items	1.34	(1.28)	49.44	25.73

Summary of Significant Accounting Policies and other Explanatory Notes (Contd.)

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

Particulars	(Rs. in Crores)	
	Year ended March 31, 2013	Year ended March 31, 2012
Contingent Liability		
Service Tax	1.76	1.76
Excise Duty	0.06	—
Custom Duty	0.07	0.07
Income Tax	1.97	—
	<u>3.86</u>	<u>1.83</u>
Export obligation to be undertaken by the Company under EPCG Licence	0.20	0.20
	<u>4.06</u>	<u>2.03</u>
Capital Commitment	<u>2.60</u>	<u>4.39</u>

Note 48 – The Company has taken advantage of the exemption contained in Accounting Standard (AS) 17 on “Segment Reporting” and therefore not disclosed segment information in its standalone financial statements. The segment information has been disclosed in the summary of significant accounting policies and other explanatory notes of the consolidated financial statements.

Note 49 – Pursuant to the notification issued by The Ministry of Corporate Affairs dated May 11, 2011 read with the notification issued on March 31, 2009, the Company has chosen to avail the option to capitalise exchange differences arising on long term foreign currency monetary items to the cost of the relevant fixed assets and amortising it over the remaining useful life of the fixed assets. Amount remaining to be amortised is as under:

Particulars	(Rs. in Crores)	
	March 31, 2013	March 31, 2012
Un-amortised exchange differences	12.20	9.05

Note 50 – Previous year's amounts have been re-grouped/re-classified, wherever considered necessary to make them comparable with those of the current year.

For and on behalf of the Board of Directors

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

per **Ashish Gupta**
Partner

O.P. Aggarwal
Executive Director (Finance)

Arun Kapur
Jt. Managing Director

Place : Gurgaon
Dated : 30th May, 2013

B.M. Jhamb
Company Secretary

Amarjit Chopra
Satish Sekhri
Directors

Arvind Kapur
Chairman, CEO
& Managing Director

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

1.	Name of the Subsidiary Company	Rico Auto Industries Inc., USA	Rico Auto Industries (UK) Limited	Rasa Autocom Limited	Uttarakhand Automotives Limited	Rico Jirnei Wheels Limited	RAA Autocom Limited	AAN Engineering 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	08 th April, 2011
3.	Financial Year of the Subsidiary ended on	31 st March, 2013	31 st March, 2013	31 st March, 2013	31 st March, 2013	31 st March, 2013	31 st March, 2013	31 st March, 2013
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.13.46 Lacs) 100%	20000 Equity Shares @ GBP 1/- each fully paid up (Rs.16.28 Lacs) 100%	20000000 Equity Shares @ Rs.10/- each (Rs.2000 Lacs) 100%	410000 Equity Shares @ Rs.10/- each (Rs.41.00 Lacs) 100%	30525000 Equity Shares @ Rs.10/- each (Rs.3052.50 Lacs) 92.50%	50000 Equity Shares @ Rs.10/- each (Rs.5.00 Lacs) 100%	50000 Equity Shares @ Rs.10/- each (Rs.5.00 Lacs) 100%
5.	Net Aggregate amount of Profit/Losses of Subsidiary Company so far as it concerns the Members of Rico Auto Industries Limited a) Not dealt with in the accounts of Rico Auto Industries Limited i) for the Subsidiary's financial year above referred ii) for the previous financial year of Subsidiary since it became Subsidiary of Rico Auto Industries Limited b) Dealt with in the accounts of Rico Auto Industries Limited i) for the Subsidiary's financial year above referred ii) for the previous financial year of Subsidiary since it became Subsidiary of Rico Auto Industries Limited	Profit US\$ 148101 (Rs.79.72 Lacs) Profit US\$ 2259350 (Rs.1134.01 Lacs)	Profit GBP 84036 (Rs.71.55 Lacs) Profit GBP 410697 (Rs.331.25 Lacs)	Loss Rs.815.46 Lacs Loss Rs.892.75 Lacs	Loss Rs.271.30 Lacs Loss Rs.796.18 Lacs	Loss Rs.1296.92 Lacs Loss Rs.1348.02 Lacs	Loss Rs.21.38 Lacs Loss Rs.164.58 Lacs	Loss Rs.32.35 Lacs Loss Rs.39.72 Lacs
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)

Arun Kapur
Jt. Managing Director

Amarjit Chopra
Satish Sekhri
Directors

Arvind Kapur
Chairman, CEO
& Managing Director

Place : Gurgaon
Dated : 30th May, 2013

B.M.Jhamb
Company Secretary



FINANCIAL SUMMARY RELATING TO SUBSIDIARY COMPANIES AS ON 31.03.2013

(Rs. in Thousand)

Sl. No.	Name of the Subsidiary Company	Reporting Currency	Exchange Rates as on 31/03/2013 (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\$	53.63	1346	129593	335580	204642	—	786440	13407	5435	7972	—
2.	Rico Auto Industries (UK) Limited, U.K.	GBP	81.38	1628	40158	206228	164442	—	507453	9344	2189	7155	—
3.	Rasa Autocom Limited	INR	—	200000	(170820)	499124	469944	—	90480	(86387)	4841	(81546)	—
4.	Uttarakhand Automotives Limited	INR	—	4100	(106748)	131339	233987	—	—	(27130)	—	(27130)	—
5.	Rico Jinfei Wheels Limited	INR	—	330000	(285940)	604789	560729	—	546074	(140208)	—	(140208)	—
6.	RAA Autocom Limited	INR	—	500	(18596)	8	18104	—	—	(2138)	—	(2138)	—
7.	AAN Engineering Industries Limited	INR	—	500	(7206)	5	6711	—	—	(3235)	—	(3235)	—

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 08th 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)

Arun Kapur
Jt. Managing Director

Place : Gurgaon
Dated : 30th May, 2013

B.M.Jhamb
Company Secretary

Amarjit Chopra
Satish Sekhri
Directors

Arvind Kapur
Chairman, CEO
& Managing Director

RICO AUTO INDUSTRIES LIMITED

Consolidated
Financial Statements
for the
Financial Year
2012-13

INDEPENDENT AUDITORS' REPORT

The Board of Directors, Rico Auto Industries Limited

1. We have audited the accompanying consolidated financial statements of Rico Auto Industries Limited, ("the Company"), its subsidiaries and joint ventures (hereinafter collectively referred to as the "Group"), which comprise the consolidated Balance Sheet as at 31st March, 2013, consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries and joint ventures as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2013;
 - ii) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
 - iii) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

7. We did not audit the financial statements of certain subsidiaries and joint ventures included in the consolidated financial statements, whose financial statements reflect total assets (after eliminating intra-group transactions) of Rs.289.30 crores as at 31st March, 2013; total revenues (after eliminating intra-group transactions) of Rs.574.33 crores and net cash flows aggregating to Rs.0.85 crore for the year then ended. These financial statements have been audited by other auditors whose audit report(s) have been furnished to us by the management, and our audit opinion on the consolidated financial statements of the Group for the year then ended to the extent they relate to the financial statements not audited by us as stated in this paragraph is based solely on the audit reports of the other auditors. Our opinion is not qualified in respect of this matter.

The audit of the consolidated financial statements for the previous year ended 31st March, 2012, included in the consolidated financial statements was carried out and reported by Gupta Vigg & Co. vide their unqualified audit report dated 30th May, 2012, whose audit report has been furnished to us and which have been relied upon by us for the purpose of our audit of the consolidated financial statements. Our audit report is not qualified in respect of this matter.

For **Walker, Chandiok & Co**
Chartered Accountants
Firm Regn. No. 001076N

per **Ashish Gupta**
Partner

Place : Gurgaon
Dated : 30th May, 2013

Membership No.504662

RIKO AUTO INDUSTRIES LIMITED

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2013

	Notes	As at March 31, 2013 (Rs. in Crores)	As at March 31, 2012 (Rs. in Crores)
I. EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
a) Share Capital	6	13.53	13.53
b) Reserves & Surplus	7	330.51	327.77
		<u>344.04</u>	<u>341.30</u>
2. NON-CURRENT LIABILITIES			
a) Long-Term Borrowings	8	163.53	204.73
b) Deferred Tax Liabilities (Net)	9	40.42	42.46
c) Other Long-Term Liabilities	10	2.11	1.50
d) Long-Term Provisions	11	8.14	4.41
		<u>214.20</u>	<u>253.10</u>
3. CURRENT LIABILITIES			
a) Short-Term Borrowings	12	244.98	188.01
b) Trade Payables	13	209.24	202.30
c) Other Current Liabilities	14	174.53	136.01
d) Short-Term Provisions	15	34.00	31.84
		<u>662.75</u>	<u>558.16</u>
TOTAL		<u>1220.99</u>	<u>1152.56</u>
II. ASSETS			
1. NON-CURRENT ASSETS			
a) Fixed Assets			
i) Tangible Assets	16	675.03	558.37
ii) Intangible Assets	16	2.57	1.82
iii) Capital Work-in-Progress		51.37	84.75
b) Long-Term Loans and Advances	17	39.37	41.95
c) Other Non Current Assets	18	0.36	0.26
		<u>768.70</u>	<u>687.15</u>
2. CURRENT ASSETS			
a) Inventories	19	174.70	184.99
b) Trade Receivables	20	160.13	190.21
c) Cash and Bank Balances	21	11.05	6.41
d) Short-Term Loans and Advances	22	99.11	77.64
e) Other Current Assets	23	7.30	6.16
		<u>452.29</u>	<u>465.41</u>
TOTAL		<u>1220.99</u>	<u>1152.56</u>

The accompanying notes (1 to 45) are an integral part of the financial statements.
This is the Balance Sheet referred to in our report of even date.

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

per **Ashish Gupta**
Partner

Place : Gurgaon
Dated : 30th May, 2013

O.P. Aggarwal
Executive Director (Finance)

B.M. Jhamb
Company Secretary

For and on behalf of the Board of Directors

Arun Kapur
Jt. Managing Director

Amarjit Chopra
Satish Sekhri
Directors

Arvind Kapur
Chairman, CEO
& Managing Director



CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

	Notes	Year ended March 31, 2013 (Rs. in Crores)	Year ended March 31, 2012 (Rs. in Crores)
REVENUE			
Revenue from Operations (Gross)	24	1662.89	1638.67
Less : Excise Duty		156.89	133.92
Revenue from Operations (Net)		1506.00	1504.75
Other Income	25	39.29	19.15
Total Revenue		1545.29	1523.90
EXPENSES			
Cost of Raw Materials and Components Consumed	26	972.76	955.67
Change in Inventoris of Finished Goods and Work in Progress	27	7.14	(2.28)
Employee Benefit Expense	28	141.15	133.99
Finance Costs	29	69.12	70.43
Depreciation and Amortisation	13	87.07	70.94
Other Expenses	30	267.68	285.13
Prior Period Items (Net)	31	0.00	0.00
Total Expenses		1544.92	1513.88
Profit Before Exceptional Items and Tax		0.37	10.02
Exceptional Items	32	(13.38)	(24.79)
Profit Before Tax		13.75	34.81
Tax Expenses:			
1) Current Tax		7.55	7.79
2) Reversal of MAT credit entitlement		3.16	—
3) Deferred Tax		1.93	4.48
4) Prior year Deferred Tax		(3.97)	—
5) Income Tax earlier years		(0.29)	0.08
Profit for the year		5.37	22.46
Basic and Diluted earning per equity share [nominal value of share Re.1/- (March 31, 2012 : Re.1/-)]	33	(0.59)	(0.17)

The accompanying notes (1 to 45) are an intergral part of the financial statements. This is the Statement of Profit and Loss referred to in our report of even date

For and on behalf of the Board of Directors

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

per **Ashish Gupta**
Partner

O.P.Aggarwal
Executive Director (Finance)

Arun Kapur
Jt. Managing Director

Place : Gurgaon
Dated : 30th May, 2013

B.M.Jhamb
Company Secretary

Amarjit Chopra
Satish Sekhri
Directors

Arvind Kapur
Chairman, CEO
& Managing Director

RIKO AUTO INDUSTRIES LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

	Year ended March 31, 2013 (Rs. in Crores)	Year ended March 31, 2012 (Rs. in Crores)
A. Cash Flow from Operating Activities		
Net Profit Before Tax	13.75	34.81
Adjustments for:		
Depreciation and Amortisation	87.07	70.94
Profit on disposal of Assets	—	(3.44)
Provision for Hedge/Exchange Equalisation Reserve	—	0.16
Interest Income	(2.11)	—
Exceptional Items	(13.38)	—
Finance Cost	69.12	70.43
Operating Profit before Working Capital Changes	154.45	172.90
Adjustments for:		
Decrease/(Increase) in trade and other receivables	9.95	(23.60)
Decrease/(Increase) in inventories	10.29	(12.62)
Increase/(decrease) in trade and other payables	49.03	(17.27)
Cash generated from operations	223.72	119.41
Direct Taxes Paid	(10.56)	(7.05)
Net Cash generated from Operating Activities (A)	213.16	112.36
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets/Addition to Capital Work in Progress	(163.91)	(87.06)
Proceeds from Sale of Fixed Assets	6.21	51.10
Interest Income	2.11	—
Consolidated (Inter Companies Reserve)	—	2.96
Net Cash used in Investing Activities (B)	(155.59)	(33.00)
C. Cash Flow from Financing Activities		
Proceeds from Long Term Borrowings	38.53	5.82
Repayment of Long Term Borrowings	(75.80)	(67.22)
Net proceeds from Short Term Borrowings	56.97	46.06
Dividend Paid	(2.82)	(6.59)
Interest Paid	(69.78)	(70.43)
Net Cash used in Financing Activities (C)	(52.90)	(92.36)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	4.67	(13.00)
Cash and Cash Equivalents as at beginning of the year	6.05	19.05
Cash and Cash Equivalents as at end of the year	10.72	6.05
	4.67	(13.00)



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013 (Contd.)

Note:

The above Cash Flow Statement has been prepared under the indirect method set out in AS-3 notified under sub section 3C of Section 211 of the Companies Act, 1956.

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

For and on behalf of the Board of Directors

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

per **Ashish Gupta**
Partner

O.P. Aggarwal
Executive Director (Finance)

Arun Kapur
Jt. Managing Director

Place : Gurgaon
Dated : 30th May, 2013

B.M. Jhamb
Company Secretary

Amarjit Chopra
Satish Sekhri
Directors

Arvind Kapur
Chairman, CEO
& Managing Director

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2013

Note 1 – NATURE OF OPERATIONS

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

The Parent Company’s shares are listed on the National Stock Exchange and Bombay Stock Exchange in India.

Note 2 – BASIS OF PREPARATION

Consolidated Financial Statements (CFS) of the Group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) and comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 (“the Act”).

Note 3 – CONSOLIDATION PROCEDURE

The CFS are prepared in accordance with Accounting Standard (AS-21) “Consolidated Financial Statements” and Accounting Standard 27 “Financial Reporting of Interests in Joint Ventures (as applicable) notified under the Companies Accounting Standards (Rules), 2006 (as amended). The financial statements of the Parent and its subsidiaries are combined on a line by line basis by adding together sums of like nature, comprising assets, liabilities, income and expenses and after eliminating intra-group balances/ transactions. Financial interest in joint ventures has been accounted for under the proportionate consolidation method. Intra-group balances, intra-group transactions and un-realised profit or loss are eliminated to the extent of the Company’s proportionate shares, except where cost cannot be recovered.

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

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

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

Note 4 – USE OF ESTIMATES

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

Note 5 – SIGNIFICANT ACCOUNTING POLICIES

i) Revenue Recognition

a. Revenue from Sale of Goods

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

b. Revenue from Sale of Services

Service income comprising technical and other support services fee is recognised as per the terms of the agreement.

c. Duty draw back and Export Incentive

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

d. Interest Income

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

e. Dividend Income

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

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2013 (Contd.)

ii) Fixed Assets and Intangibles

a. Tangible Assets

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

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

b. Intangible Assets

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

iii) Depreciation and Amortisation

Depreciation on fixed assets is provided in the manner prescribed in Schedule XIV of the Act, at rates which are either greater than or equal to the corresponding rates in Schedule XIV of the Act, based on the technical estimates of useful life, as follows:

Description	Rate	Method
Building	3.34%	Straight line method
Plant and Machinery	4.75% - 14.28%	Straight line method
Furniture and Fixtures	18.1%	Written down value method
Office Equipment	13.91%	Written down value method
Vehicles	25.89%	Written down value method

Depreciation on dies and moulds is provided based on useful life of the items ascertained on a technical estimate by the management.

Depreciation on fixed assets acquired/disposed off during the year is recorded on a pro-rata basis with reference to the date of acquisition/disposal. Individual assets costing less than Rs.5,000/- are fully depreciated in the year of purchase, the cumulative amount of such assets fully depreciated being immaterial. The cost of leasehold land is being amortised over the period of the lease.

Intangible assets are being amortised on written down value method over the useful life, not exceeding 10 years, as estimated by management to be the economic life of the asset over which economic benefits are expected to flow.

iv) Inventories

Inventories are valued as follows:

a. Raw Materials and Loose Tools

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

b. Work in Progress

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

c. Finished Goods

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

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

v) Investments

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

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

vi) Employee Benefits

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

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2013 (Contd.)

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

a. *Provident Fund and Employee State Insurance Scheme*

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

b. *Gratuity*

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

c. *Unavailed Leaves*

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

vii) **Research and Development Expenses**

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

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

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

viii) **Borrowing Costs**

Borrowing costs directly attributable to acquisition, construction or erection of fixed assets, which necessarily take a substantial period of time (generally 12 months or more) to be ready for the intended use are capitalised. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended use are complete.

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

ix) **Foreign Currency Transactions**

a) *Initial Recognition*

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

b) *Subsequent Recognition*

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

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

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2013 (Contd.)

c) *Exchange Differences*

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

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

x) **Derivative Instruments**

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

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

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

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

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

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

xi) **Taxation**

Tax expense comprises current tax and deferred tax.

a) *Current Tax*

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

b) *Deferred Tax*

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

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

xii) **Leases**

a) *Operating Leases*

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

b) *Finance Leases*

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

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2013 (Contd.)

xiii) Provisions and Contingencies

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

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

xiv) Earnings Per Share

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

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

xv) Segment Reporting Policies

The accounting policies adopted for segment reporting are in line with those of the Group with the following additional policies for segment reporting:

- a) Inter segment revenues have been accounted for based on the transaction price agreed to between segments at estimated cost of the transferor segment.
- b) Revenues and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment.
- c) Revenues and expenses, which relate to the group as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated corporate expenses".
- d) Assets and liabilities, which relate to the group as a whole and are not allocable to segments on a reasonable basis, are shown as unallocated corporate assets and liabilities respectively.

xvi) Impairment of Assets

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

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2013 (Contd.)

	As at March 31, 2013 (Rs. in Crores)		As at March 31, 2012 (Rs. in Crores)	
Note 6 – SHARE CAPITAL				
a) AUTHORIZED				
25,00,00,000 Equity Shares of Re.1/- each (Previous year 25,00,00,000 Equity Shares of Re.1/- each)		25.00		25.00
50,00,000 Redeemable Preference Shares of Rs.10/- each (Previous year 50,00,000 Shares of Rs.10/- each)		5.00		5.00
		<u>30.00</u>		<u>30.00</u>
b) ISSUED, SUBSCRIBED AND PAID-UP				
13,52,85,000 Equity Shares of Re.1/- each fully paid up with (Previous year 13,52,85,000 Equity Shares of Re.1/- each)		13.53		13.53
		<u>13.53</u>		<u>13.53</u>
c) RECONCILIATION OF NUMBER OF EQUITY SHARES OUTSTANDING				
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	135285000	13.53	135285000	13.53
Movement during the year	—	—	—	—
Outstanding at the end of the year	135285000	13.53	135285000	13.53
d) DESCRIPTION OF THE RIGHTS, PREFERENCES AND RESTRICTIONS ATTACHED TO EACH CLASS OF SHARES				
Equity Shares: The Company has only one class of equity shares having a face value of Re.1/- per share. All the existing equity shares rank pari passu in all respects including but not limited to entitlement for dividend, bonus issue and rights issue. These equity shares are listed on the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited.				
Preference Shares: Redeemable preference shareholders do not have any voting rights in the shareholders' meetings, they can vote only on certain matters as per the Companies Act, 1956 in proportion of their holding.				
e) DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% EQUITY SHARES IN THE COMPANY				
Name of Shareholder	% of Holding	Number of Shares	% of Holding	Number of Shares
Kapsons Associates Investments Private Limited	28.77	38917050	28.77	38917050
Arvind Kapur	9.35	12652460	9.35	12652460
Arun Kapur	6.39	8651160	6.39	8651160
Ashish Dhawan	5.38	7273092	5.38	7273092
f) The Company has not issued bonus shares, equity shares issued for consideration other than cash and also no shares have been bought back during the period of five years immediately preceding the reporting period.				

RIKO AUTO INDUSTRIES LIMITED

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2013 (Contd.)

	As at March 31, 2013 (Rs. in Crores)	As at March 31, 2012 (Rs. in Crores)
Note 7 – RESERVES AND SURPLUS		
CAPITAL RESERVE		
Opening Balance	0.00	0.00
Add : Additions during the year	—	—
Less : Utilised/transferred during the year	—	—
Closing Balance*	<u>0.00</u>	<u>0.00</u>
CAPITAL REDEMPTION RESERVE		
Opening Balance	2.00	2.00
Add : Additions during the year	—	—
Less : Utilised/transferred during the year	—	—
Closing Balance	<u>2.00</u>	<u>2.00</u>
SECURITIES PREMIUM ACCOUNT		
Opening Balance	145.04	145.04
Add : Additions during the year	—	—
Less : Utilised/transferred during the year	—	—
Closing Balance	<u>145.04</u>	<u>145.04</u>
STATE CAPITAL SUBSIDY		
Opening Balance	0.20	0.20
Add : Additions during the year	—	—
Less : Utilised/transferred during the year	—	—
Closing Balance	<u>0.20</u>	<u>0.20</u>
FOREIGN CURRENCY TRANSLATION RESERVE		
Opening Balance	0.10	(0.04)
Add : Additions during the year	0.24	0.14
Less : Utilised/transferred during the year	—	—
Closing Balance	<u>0.34</u>	<u>0.10</u>
HEDGING RESERVE		
Opening Balance	—	(0.02)
Add : Additions during the year	—	—
Less : Utilised/transferred during the year	—	0.02
Closing Balance	<u>—</u>	<u>—</u>
GENERAL RESERVE		
As per last Balance Sheet	96.94	95.04
Add: Transferred from Statement of Profit and Loss	2.76	1.90
	<u>99.70</u>	<u>96.94</u>
STATEMENT OF PROFIT AND LOSS		
As per last Balance Sheet	83.49	68.74
Add : Profit transferred from Statement of Profit and Loss	5.37	22.46
Less : Proposed Dividend on Equity Shares	2.03	4.99
Less : Corporate Dividend Tax	0.84	0.82
Less : Transferred to General Reserve	2.76	1.90
Net Surplus as per Statement of Profit and Loss	<u>83.23</u>	<u>83.49</u>
	<u>330.51</u>	<u>327.77</u>

*Amounts have been rounded off to zero.

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2013 (Contd.)

	As at March 31, 2013 (Rs. in Crores)	As at March 31, 2012 (Rs. in Crores)
Note 8 – LONG TERM BORROWINGS		
SECURED		
Term Loans from Banks:		
Foreign Currency Loans	27.85	38.87
Rupee Loans	191.54	233.07
Vehicle Loans:		
From Banks	0.42	0.63
From Companies	0.16	0.35
	<u>219.97</u>	<u>272.92</u>
Less: Current maturities of long term secured borrowings	89.42	85.78
Total	<u>130.55</u>	<u>187.14</u>
UNSECURED		
From Companies:		
Foreign Currency Loans	29.15	12.64
Rupee Loans	4.99	5.82
	<u>34.14</u>	<u>18.46</u>
Less: Current maturities of long term unsecured borrowings	1.16	0.87
Total	<u>32.98</u>	<u>17.59</u>
Grand Total	<u>163.53</u>	<u>204.73</u>

Security details for borrowings covered under Note 8 and Note 14 are as follows:

A. Secured Loans

- | | | |
|---|-------|-------|
| <p>1. This term loan from Export Import Bank of India carries interest @Libor+4.50% p.a. and is repayable in 20 equal quarterly installments after moratorium of 8 quarters. The term loan is secured by first pari-passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.</p> | 10.46 | 10.30 |
| <p>2. This term loan from IndusInd Bank carries interest @8.05% p.a. and is repayable in 11 equal quarterly installments. The term loan is secured by first pari-passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.</p> | 17.39 | 28.57 |
| <p>3. This term loan from Axis Bank carries interest @13.75% p.a. and is repayable in 14 equal quarterly installments after a moratorium of 6 quarters. The term loan is secured by first pari-passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.</p> | 17.15 | 25.71 |
| <p>4. This term loan from Axis Bank carries interest @13.50% p.a. and is repayable in 14 equal quarterly installments after a moratorium of 6 quarters. The term loan is secured by first pari-passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of</p> | | |

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2013 (Contd.)

	As at March 31, 2013 (Rs. in Crores)	As at March 31, 2012 (Rs. in Crores)
title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	21.43	25.00
5. This term loan from Export Import Bank of India carries interest @11.80% p.a. and is repayable in 20 equal quarterly installments after a moratorium of 8 quarters. The term loan is secured by first pari-passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	15.17	15.97
6. This term loan from Export Import Bank of India carries interest @11.80% p.a. and is repayable in 20 equal quarterly installments after a moratorium of 6 months. The term loan is secured by first pari-passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon. During the year the Company has defaulted in the payment of its first term loan installment due as on February 22, 2012 . However, the Company has made this default good in the month of April, 2013.	18.45	—
7. This term loan from State Bank of Hyderabad carries interest @13.20% p.a. and is repayable in 14 equal quarterly installments after a moratorium of 6 quarters. The term loan is secured by first pari-passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	17.07	28.50
8. This term loan from State Bank of Hyderabad carries interest @13.20% p.a. and is repayable in 14 equal quarterly installments after a moratorium of 6 quarters. The term loan is secured by first pari-passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	19.29	27.86
9. This term loan from State Bank of Patiala carries interest @14% p.a. and is repayable in 14 equal quarterly installments after a moratorium of 6 quarters. The term loan is secured by first pari-passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	12.50	22.50
10. This term loan from State Bank of Patiala carries interest @14% p.a. and is repayable in 12 equal quarterly installments after a moratorium of 8 quarters. The term loan is secured by first pari-passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	50.00	50.00
11. Vehicle loans are secured by the hypothecation of vehicles financed and are repayable in equal monthly installments.	0.85	1.46
12. This term loan from Yes Bank carries interest @14.95% p.a. and was repayable in 30 equal monthly installments after a moratorium of 18 months. The term loan was secured by first		

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2013 (Contd.)

	As at March 31, 2013 (Rs. in Crores)	As at March 31, 2012 (Rs. in Crores)
<p>pari-passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon. This loan was additionally secured by corporate guarantee of an Associate Company and personal guarantees of Managing Director, Joint Managing Director and a Director of the Company.</p>	—	7.50
13. This term loan from Kotak Mahindra Bank carries interest @11% p.a. and was repayable in 12 equal quarterly installments from the date of disbursements. The term loan was secured by first pari-passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	—	4.00
14. This term loan from Bank carries interest @ base rate + 3.5% p.a. and is repayable in 20 equal quarterly installments after moratorium of 8 quarters. The term loan is secured by exclusive charge on all movable-immovable fixed assets and all current assets of the subsidiary.	17.25	17.25
15. This Rupee term loan from Bank carries interest @11.5% p.a. and is repayable in 16 equal quarterly installments and is secured by exclusive first charge by way of hypothecation of fixed assets, both present and future and by way of mortgage by deposit of title deeds of the immovable properties of the Company and second charge over the current assets of the Company. Further the term loan is secured by guarantee of the Holding Company, Rico Auto Industries Limited.	2.96	8.30
	<u>219.97</u>	<u>272.92</u>
B. Unsecured Loans		
16. The foreign currency loan has been taken from FCC Co. Ltd., Japan (Holding 50% of the equity capital of the joint venture) on 5th December, 2011 and repayable in 18 installments starting from June, 2014. Loan carries interest @3% payable half yearly in the month of June and December every year.	29.15	12.64
17. This term loan carries interest @14.50% p.a. and is repayable in 60 equal monthly installments after a moratorium of 12 months and is secured by personal guarantee of Managing Director of the Company.	4.99	5.82
	<u>34.14</u>	<u>18.46</u>
Note 9 – DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liabilities arising on account of:		
Depreciation	44.44	45.27
Less:		
Deferred Tax Asset arising on account of:		
Employee Benefits	3.86	2.70
Others	0.16	0.11
	<u>40.42</u>	<u>42.46</u>

RIKO AUTO INDUSTRIES LIMITED

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2013 (Contd.)

	As at March 31, 2013 (Rs. in Crores)	As at March 31, 2012 (Rs. in Crores)
Note 10 – OTHER LONG TERM LIABILITIES		
Security Deposits	2.11	1.50
	<u>2.11</u>	<u>1.50</u>
Note 11 – LONG TERM PROVISIONS		
Provision for Gratuity (Refer Note 38)	7.14	2.99
Provision for Compensated Absences	1.00	1.42
	<u>8.14</u>	<u>4.41</u>
Note 12 – SHORT TERM BORROWINGS		
SECURED		
Working Capital Loans from Banks:		
Foreign Currency Loans	21.47	18.43
Rupee Loans	136.40	93.88
Buyers' Credit in Foreign Currency from Banks	57.51	47.37
UNSECURED		
Foreign Currency Loans from Banks	29.60	28.33
	<u>244.98</u>	<u>188.01</u>
Security Details		
1. Working capital loans/facilities are secured against first pari-passu charge on all the current assets of the Company including all types of stocks and book debts/receivables (both present and future).	152.90	106.57
2. Working capital limits are secured by exclusive first charge by way of hypothecation of current assets both present and future, with Axis Bank Limited and second charge over the fixed assets, both present and future, of the subsidiary.	2.15	3.21
3. This facility is secured by exclusive first pari-passu charge by hypothecation of current assets of the Company and further secured by second charge on all the movable and immovable assets of the subsidiary.	2.92	2.69
4. This buyer's credit facility from State Bank of Patiala is secured by first pari-passu charge of all movable fixed assets of the Company (both present and future) and mortgage by way of deposit of title deeds of the immovable properties of the Company situated at Dharuhera and Gurgaon.	8.96	5.87
5. These buyer's credit facilities from Yes Bank and IDBI Bank are secured by exclusive charge on all machineries/assets imported/acquired by utilising the said facilities.	—	13.08
6. This buyer's credit facility from Axis Bank are secured by exclusive charge on all machineries/assets imported/acquired by utilising the said facilities and additionally secured by the personal guarantee of a director of the Company.	11.83	—
7. These buyer's credit facilities from Axis Bank, DBS Bank and Standard Chartered Bank are secured against first pari-passu charge on all the current assets of the Company including		

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2013 (Contd.)

	As at March 31, 2013 (Rs. in Crores)	As at March 31, 2012 (Rs. in Crores)
all types of stocks and book debts/receivables (both present and future).	8.81	21.58
8. This buyer's credit facility of the subsidiary from Axis Bank Limited is secured by exclusive first charge by way of hypothecation of current assets both present and future, with Axis Bank Limited and second charge over the fixed assets, both present and future, of the subsidiary.	16.73	3.72
9. This buyer's credit facility of the subsidiary from Yes Bank Limited is secured by exclusive first pari-passu charge by hypothecation of current assets of the Company and further secured by second charge on all the movable and immovable assets of the subsidiary.	11.08	2.96
	<u>215.38</u>	<u>159.68</u>
Note 13 – TRADE PAYABLES		
Due to Micro & Medium Enterprises (Refer Note 35)	6.73	2.48
Others		
Acceptances	45.82	40.95
Other than Acceptances	135.45	139.61
Due to Related Parties (Refer Note 41)	13.73	7.65
Other Payables	7.51	11.61
	<u>209.24</u>	<u>202.30</u>
Note 14 – OTHER CURRENT LIABILITIES		
Current Maturities of Long-Term Debts (Refer Note 8 for security and re-payment details)		
SECURED		
Foreign Currency Loans	16.48	14.80
Rupee Loans	72.94	70.98
UNSECURED		
Rupee Loans	1.16	0.87
Interest accrued but not due on borrowings	3.16	3.82
Unclaimed Dividends	0.33	0.36
Income tax deducted at source payable		
Statutory Liabilities	8.27	8.94
Payable for Capital Purchases	13.57	14.74
Employee Benefits Payable	10.04	7.71
Security Deposits	3.50	2.17
Advance from Customers	41.81	9.99
Other Liabilities	3.27	1.63
	<u>174.53</u>	<u>136.01</u>
Note 15 – SHORT TERM PROVISIONS		
Provision for Gratuity (Refer Note 38)	1.46	2.36
Provision for Compensated Absences	1.69	0.15
Provision for Dividend	4.99	4.99
Provision for Tax on Dividend	0.84	0.82
Other Short Term Provisions	25.02	23.52
	<u>34.00</u>	<u>31.84</u>

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2013 (Contd.)

Note 16 – FIXED ASSETS

(Rs. in Crores)

Particulars	GROSS BLOCK					ACCUMULATED DEPRECIATION			NET BLOCK		
	As on 01.04.2012	Additions During the Year	Disposals During the Year	Other Adjustments Exchange Differences Borrowing Costs	As at 31.03.2013	As on 01.04.2012	Reversal of Depreciation*	Charge for the Year	Adjustment upon Deletion	As at 31.03.2013	As at 31.03.2012
TANGIBLE ASSETS											
LAND											
(a) Freehold	24.10	2.27	—	—	26.37	—	—	—	—	26.37	24.10
(b) Leasehold	28.60	—	—	—	28.60	0.51	0.08	0.17	—	27.84	28.09
BUILDINGS	108.44	19.25	—	—	127.83	24.71	(1.88)	4.71	—	100.29	83.73
FURNITURE & FIXTURES	8.31	0.33	—	—	8.64	5.41	(0.12)	0.63	—	2.72	2.90
PLANT & MACHINERY	791.64	134.34	11.55	4.18	920.20	384.33	(10.71)	68.79	6.64	484.43	407.31
DIES & MOULDS (Refer note 38)	—	29.73	—	—	29.73	—	—	8.30	—	21.43	—
OFFICE EQUIPMENT	22.22	1.78	0.01	—	23.99	15.85	(0.24)	2.13	0.01	6.26	6.37
VEHICLES	14.90	2.48	3.85	—	13.53	9.03	(0.13)	1.90	2.96	5.69	5.87
	998.21	190.18	15.41	4.18	1178.89	439.84	(13.00)	86.63	9.61	503.86	558.37
INTANGIBLE ASSETS											
COMPUTER SOFTWARE	11.33	1.22	0.05	—	12.50	9.51	—	0.44	0.02	9.93	1.82
	11.33	1.22	0.05	—	12.50	9.51	—	0.44	0.02	9.93	1.82
CURRENT YEAR											
TOTAL	1009.54	191.40	15.46	4.18	1191.39	449.35	(13.00)	87.07	9.63	513.79	677.60
PREVIOUS YEAR											
TOTAL	978.71	86.55	62.76	4.97	1009.54	393.50	—	70.94	15.09	443.35	585.21

*Refer Note 43

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2013 (Contd.)

	As at March 31, 2013 (Rs. in Crores)	As at March 31, 2012 (Rs. in Crores)
Note 17 – LONG TERM LOANS AND ADVANCES (Unsecured, considered good, unless stated otherwise)		
a) Capital Advances		
Considered good	12.54	12.45
Considered doubtful	0.14	0.16
Less : Provision for doubtful advances	(0.14)	(0.16)
b) Security Deposits	5.90	6.68
c) Advances to Related Parties (Refer Note 41)	1.79	3.21
d) Loans and Advances to Employees	0.16	0.56
e) Advance Income Tax (Net of Provisions)	17.68	17.53
f) Prepaid Expenses	0.11	0.04
g) Others	1.19	1.48
	<u>39.37</u>	<u>41.95</u>
Note 18 – OTHER NON CURRENT ASSETS		
Bank Deposits with maturity of more than 12 months (Refer Note 21)	0.36	0.26
	<u>0.36</u>	<u>0.26</u>
Note 19 – INVENTORIES		
As valued and certified by the Management -		
Stores & Spares (Refer Note 44)	35.78	47.67
Raw Material & Components	50.02	50.16
Goods-in-Transit – Components	17.45	14.19
Work-in-progress	36.74	40.67
Finished Goods	26.75	29.87
Goods-in-Transit – Finished Goods	7.96	2.43
	<u>174.70</u>	<u>184.99</u>
Note 20 – TRADE RECEIVABLES		
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they were due for payment	3.95	3.24
Other debts	156.18	186.97
	<u>160.13</u>	<u>190.21</u>
Note 21 – CASH AND BANK BALANCES		
Cash and Cash equivalents		
Cash in hand	0.25	0.39
Cheques in hand	0.60	—
Balances with Banks		
In Current Accounts	9.87	5.66
Other Bank Balances		
In Dividend Accounts	0.33	0.36
Bank Deposits with Maturity of more than 12 months	0.36	0.26
	<u>11.41</u>	<u>6.67</u>
Less: Amounts disclosed as other non-current assets (Refer Note 18)	0.36	0.26
	<u>11.05</u>	<u>6.41</u>

RIKO AUTO INDUSTRIES LIMITED

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2013 (Contd.)

	As at March 31, 2013 (Rs. in Crores)	As at March 31, 2012 (Rs. in Crores)
Note 22 – SHORT TERM LOANS AND ADVANCES		
Security Deposits	0.13	0.13
Inter Corporate Deposits	12.25	11.13
Loans and Advances to Employees	1.15	0.85
Advance to Suppliers	36.45	24.72
Advance to Related Parties (Refer Note 41)	0.47	—
Prepaid Expenses	3.04	1.85
Balance with Statutory/Government Authorities on account of:		
Service Tax	14.65	9.66
Excise Duty	22.56	20.41
Sales Tax	1.15	1.05
Others	7.26	7.84
	<u>99.11</u>	<u>77.64</u>
Note 23 – OTHER CURRENT ASSETS		
Interest accrued on Electricity Security Deposit	0.66	0.16
Insurance Claim Receivable (Refer Note 42)	1.02	0.26
Export Incentive Receivable	5.62	5.74
	<u>7.30</u>	<u>6.16</u>
	Year ended March 31, 2013 (Rs. in Crores)	Year ended March 31, 2012 (Rs. in Crores)
Note 24 – REVENUE FROM OPERATIONS		
Sales of Products	1635.92	1620.62
Job Work Charges	2.15	0.01
	<u>1638.07</u>	<u>1620.63</u>
Other Operating Revenues		
Scrap Sales	15.14	6.84
Miscellaneous Sales	3.04	4.49
Duty Draw Back and other Export Incentives	6.64	6.71
	<u>1662.89</u>	<u>1638.67</u>
Note 25 – OTHER INCOME		
Interest Income	2.11	3.12
Net Gain on Foreign Currency transactions and translation	10.45	6.47
Rental Income from Operating Lease	3.03	1.17
Support Services	14.50	5.99
Subsidy from VAT/Sales Tax Authorities	3.00	0.75
Miscellaneous Income	6.20	1.65
	<u>39.29</u>	<u>19.15</u>
Note 26 – COST OF RAW MATERIALS AND COMPONENTS CONSUMED		
Raw Materials & Components		
Opening Stock	50.16	46.74
Add : Purchase during the year	972.62	959.09
Less : Closing Stock	50.02	50.16
Raw Materials & Components Consumed	<u>972.76</u>	<u>955.67</u>

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2013 (Contd.)

	Year ended March 31, 2013 (Rs. in Crores)	Year ended March 31, 2012 (Rs. in Crores)
Note 27 – CHANGE IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS		
a) Work-in-Progress		
Opening Stock	40.67	41.75
Closing Stock	36.74	40.67
	<u>3.93</u>	<u>1.08</u>
b) Finished Goods		
Opening Stock	29.87	26.68
Closing Stock	26.75	29.87
	<u>3.12</u>	<u>(3.19)</u>
Excise duty on Finished Goods	0.09	(0.17)
	<u>7.14</u>	<u>(2.28)</u>
Note 28 – EMPLOYEE BENEFIT EXPENSES		
Salaries, Wages and Bonus	124.73	117.98
Contribution to Provident and other Funds	11.03	10.98
Staff Welfare Expenses	5.39	5.03
	<u>141.15</u>	<u>133.99</u>
Note 29 – FINANCE COST		
Interest Expenses on		
i) Borrowings	57.28	55.50
ii) Trade Payables	3.64	5.49
Other Borrowing Costs	3.42	1.21
Net Loss on Foreign Currency transactions and translation on borrowings	4.78	8.23
	<u>69.12</u>	<u>70.43</u>
Note 30 – OTHER EXPENSES		
Consumption of Stores and Spares		
Mechanical Spares Consumed	22.97	20.68
Electrical Spares Consumed	5.58	5.75
Others Stores and Spares Consumed (Refer Note 44)	17.62	45.81
Power and Fuel	97.54	92.48
Sub Contractor Expenses	39.18	37.36
Rent	3.89	2.54
Repairs and Maintenance – Buildings	1.40	2.20
Repairs and Maintenance – Machinery	4.97	4.99
Repairs and Maintenance – Others	2.56	2.58
Insurance	3.16	1.99
Rates and Taxes	2.47	1.80
Directors' Sitting Fees	0.08	0.07
Travelling and Conveyance	7.08	6.92
Payment to Auditors	0.51	0.38
Legal and Professional	3.30	4.73
Vehicle Running and Maintenance	3.94	3.78
Freight and forwarding	15.42	17.26
Line Rejection and re-work charges	4.53	5.61
Miscellaneous Expenses	31.48	28.20
	<u>267.68</u>	<u>285.13</u>

RIKO AUTO INDUSTRIES LIMITED

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2013 (Contd.)

	Year ended March 31, 2013 (Rs. in Crores)	Year ended March 31, 2012 (Rs. in Crores)
Note 31 – PRIOR PERIOD ITEMS (NET)		
Impairment Loss, reversed	(4.36)	—
Interest Expenses on Borrowings	3.54	0.01
Line Rejection and Re-work Charges	0.13	0.05
Other Operating Revenues	(0.12)	(0.42)
Rates and Taxes	0.12	0.00
Power and Fuel	0.00	(0.12)
Legal and Professional	0.10	0.03
Others	0.59	0.45
	<u>0.00</u>	<u>0.00</u>
Note 32 – EXCEPTIONAL ITEMS		
Excess Depreciation written back due to change in method (Refer Note 43)	(13.00)	—
Impairment Loss on Singur Plant	—	4.84
Net Gain on Sale of Assets	(0.38)	(8.28)
Profit on Sale of Investments	—	(21.35)
[Received Rs.48,61,06,000/- (EURO 74,00,000 @Rs.65.69) on account of disposal of investment in Continental Rico Hydraulic Brakes India Pvt. Ltd. of Rs.55,00,00,000/- (5,50,00,000 Equity Shares @Rs.10/- each)]	<u>(13.38)</u>	<u>(24.79)</u>
Note 33 – EARNING PER SHARE		
(Profit/Loss) after Tax but before exceptional items (A)	(8.01)	(2.33)
Weighted average number of Equity Shares (basic/diluted)(B)	135285000	135285000
Nominal value of Equity Share (Rupee)	1.00	1.00
Earning Per Share (A/B) (Rupee)	<u>(0.59)</u>	<u>(0.17)</u>
Note 34 – CONTINGENT LIABILITIES		
I) Demand against the Group not acknowledged as Liability		

I) Demand against the Group not acknowledged as Liability

(Rs. in Crores)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
i) Income Tax	2.13	4.58
ii) Sales Tax	0.79	0.48
iii) Excise and Service Tax	13.24	12.22
iv) Others	5.88	5.88

Income Tax Cases

- a. Income tax department has raised demand for Rs.0.12 crore (previous year Rs.4.54 crores). This is on account of filing of incorrect particulars regarding challans deposited as compared to actual challans deposited. The Company has rectified error of Rs.4.54 crores during the year ended March 31, 2013.
- b. Demand of Rs.0.04 crore (previous year Rs.0.04 crore), including interest, for the assessment year 2005-06 was issued in relation to disallowance of certain expenses amounting to Rs.0.05 crore. The demand was set aside by Commissioner (Appeals) and a further appeal was filed on November 27, 2012 before Income Tax Appellate Tribunal, Chandigarh. Hearing before ITAT was held on May 14, 2013 and the matter was decided in favor of the Company. The order copy of the ITAT is awaited.

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2013 (Contd.)

- c. Demand of Rs.0.25 crore (previous year Rs. Nil), for the assessment year 2005-06 was issued in relation to disallowance of royalty and technical expenses as revenue expenditure. An appeal has been filed by the Company against the said order in December, 2012 to the Commissioner of Income Tax (Appeals), New Delhi.
- d. Demand of Rs.1.72 crores (previous year Rs. Nil), for the assessment year 2009-10 was issued in relation to disallowance of royalty as revenue expenditure and prior period expenditure. An appeal has been filed by the Company against the said order in April, 2013 to the Commissioner of Income Tax (Appeals), New Delhi.

Sales Tax Cases

- a. Demand order of assessment received under Haryana VAT Act, 2003 for Rs.0.45 crore (previous year Rs.0.45 crore) for disallowing the input tax on purchase of furnace oil. An appeal has been filed on May 15, 2010 before the Joint Excise & Taxation Commissioner (Appeals), Faridabad.
- b. The Deputy Excise and Taxation Commissioner-cum-assessing authority, Gurgaon has raised demand order dated March 29, 2013 of Rs.0.30 crore (previous year Rs. Nil) against short submission of C forms. The Company is required to submit the relevant C forms by May 30, 2013.
- c. A demand was raised under Haryana VAT Act, 2003 for denial of input credit availed on purchase of furnace oil. The demand was confirmed by Joint Commissioner (Range) for Rs.0.04 crore (previous year Rs.0.04 crore). An appeal was filed with Haryana Sales Tax Tribunal on February 23, 2013. The matter is yet to be decided by the Tribunal.

Excise and Service Tax Cases

- a. Department has issued a show cause notice dated August 23, 2007 on the ground that the capital goods namely roof ventilator and evaporating cooling machine are not capital goods for the purpose of availment of CENVAT credit. Commissioner of Central Excise has confirmed the demand along with an equal amount of penalty. Appeal filed to CESTAT on April 28, 2009 against the decision. However, the CESTAT has granted unconditional stay from recovery of impugned amount on deposit of Rs.0.03 crore. Amount involved is Rs.0.42 crore (previous year Rs.0.36 crore). No hearing has taken place since June 15, 2009.
- b. A show cause notice was received from the Commissioner of Central Excise on March 16, 2004 by Dharuhera division. Through order of Commissioner of Central Excise, Cenvat credit disallowed is Rs.0.55 crore and penalty and interest is also levied. Total amount involved is Rs.1.91 crores (previous year Rs.1.81 crores). CESTAT has in its order dated May 8, 2013 decided the appeal in favor of the Company. But the time limit for the department to file further appeal against the decision has not lapsed.
- c. Central Excise Authority had denied MODVAT/CENVAT availed for wrong description of material and tariff number on invoice of the vendor. The amount involved is Rs.0.15 crore (previous year Rs.0.14 crore). The Additional Commissioner, Central Excise, Delhi has decided in favor of the Company. An appeal was filed by Commissioner of Central excise, Delhi, before CESTAT on July 29, 2008, against the order. CESTAT upheld the decision given by Commissioner (Appeals) in favor of the Company. But the time limit for the department to file further appeal against the decision has not lapsed, hence this is considered as contingent liability.
- d. A show cause notice was issued by the Commissioner on removal of dies for job work without payment of duty. Commissioner passed the order on September 15, 2008 demanding excise duty of Rs.0.75 crore, penalty of equal amount, interest at the applicable rate and a fine in lieu of confiscation of Rs.0.10 crore on the dies released provisionally. Further, Company has also furnished a bond of Rs.0.42 crore and a bank guarantee of Rs.0.004 crore. A stay application was filed before the CESTAT. Total amount involved is Rs.2.36 crores (previous year Rs.2.22 crores).
- e. A show cause notice has been received from the Additional Commissioner of Central Excise towards Cenvat availed on outward freight during 2005-06 and 2006-07. The Joint Commissioner confirmed the demand against which the Company appealed before CESTAT. The Tribunal remanded back the case to the Commissioner (Appeals) and it is pending before it. Amount involved is Rs.0.22 crore (previous year Rs.0.21 crore).
- f. A show cause notice was received from the Joint Commissioner of Central Excise towards cenvat credit availed on custom house agent and courier export related services during previous years 2004-05 to 2007-08. The Commissioner has confirmed the demand against which the Company filed an appeal before CESTAT. CESTAT ordered pre deposition of Rs.0.24 crore. The amount involved is Rs.1.33 crores (previous year Rs.1.01 crores).
- g. A show cause notice was received from Additional Commissioner of Central Excise on availment of cenvat on construction and other repair and maintenance service during previous years 2005-06 to 2010-11. Commissioner of Central Excise confirmed the demand against which the Company filed an appeal before the CESTAT on June 29, 2012. CESTAT has granted an unconditional stay on February 19, 2013. The amount involved is Rs.1.92 crores (previous year Rs.1.81 crores).
- h. Additional Commissioner disallowed cenvat credit availed on consultancy charges, courier charges etc. for the period March, 2005 to December, 2010 amounting to Rs.0.39 crore, imposed penalty of Rs.0.39 crore and provisional interest of Rs.0.09 crore. The Company filed an appeal against the order before the Commissioner (Appeals) which was adjudged in

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2013 (Contd.)

favor of the Company on February 15, 2013. But the time limit to file further appeal against the decision has not lapsed. The amount involved is Rs.0.88 crore (previous year Rs.0.81 crore).

- i. Assistant Commissioner disallowed cenvat credit availed on service tax paid on different activities. Amount involved is Rs.0.06 crore (previous year Rs.0.06 crore). The case is decided by Assistant Commissioner against the Company on February 11, 2011. Company has filed an appeal before the Commissioner against the order. Hearing for the appeal is on June 5, 2013.
- j. A show cause notice was issued by the department as the Company did not charge service tax on the amount charged for modification of dies on request of customers. Amount involved is Rs.0.24 crore (previous year Rs.0.24 crore). The case is decided by Additional Commissioner in favor of the Company on May 25, 2013. But the time limit for the department to file further appeal against the decision has not lapsed.
- k. A show cause notice was issued disallowing cenvat credit related to service tax. An appeal was filed before the Commissioner (Appeals) and the decision was given in favor of the department. The Company intends to file an appeal to Tribunal against the decision. The amount involved is Rs.0.04 crore (previous year Rs.0.04 crore).
- l. The department has issued a show cause notice for selling identical parts at two different assessable values to the same customer at the same time and place of removal. Amount involved is Rs.1.89 crores (previous year Rs.1.75 crores). Company has submitted their reply against show cause order to the Commissioner of Central Excise.
- m. The department has issued a show cause notice for denial of cenvat credit claimed on technical fees and royalty related services for the period 2004-05. Amount involved is of Rs.0.03 crore (previous year Rs.0.03 crore).
- n. The department has issued a show cause notice for denial of cenvat credit claimed on service tax paid on behalf of the foreign service providers under the reverse charge mechanism. Amount involved is of Rs.1.73 crores (previous year Rs.1.73 crores).
- o. The department has issued a show cause notice for denial of cenvat credit claimed on civil work related services for the period 2006-07 to 2009-10. Amount involved is of Rs.0.06 crore (previous year Rs. Nil).

Others

- a. Dakshin Haryana Bijli Vitran Nigam (DHBVN) has demanded Rs.5.60 crores (previous year Rs.5.60 crores) for overdrawing power as compared to approved load limit. Case is pending at High court of Punjab and Haryana through writ petition filed on January 22, 2013 by DHBVN. The case came up for hearing on March 5, 2013 and is adjourned till September 10, 2013 for further hearing.
- b. A show cause notice has been issued by The Directorate of Revenue Intelligence dated March 31, 2008 in respect of wrong utilization of DEPB licenses. Amount involved is of Rs.0.07 crore (previous year Rs.0.70 crore).
- c. A demand was raised under Haryana Local Area Development Tax Act, 2000 for tax on central purchase of certain items. An appeal was filed before Joint Commissioner (Appeal) and the amount involved is Rs.0.01 crore (previous year Rs.0.01 crore).
- d. Export obligation to be undertaken by the Company under EPCG licenses amounting to Rs.0.20 crore.

II) Guarantees

- a) On behalf of Subsidiary Companies:

The Company has given Corporate Guarantees to Banks for loans taken by the Subsidiaries:

(Rs. in Crores)

Name of the Subsidiary	Year ended March 31, 2013	Year ended March 31, 2012
i) Rasa Autocom Limited	43.00	43.00
ii) Rico Jinfei Wheels Limited	10.00	10.00

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

Bank guarantee for Rs.0.13 crore in favour of Haryana State Pollution Control Board, Guargaon, Haryana.

- c) On behalf of others:

(Rs. in Crores)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
i) Bank Guarantees outstanding	3.83	3.63

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2013 (Contd.)

III) Others

- a) Letters of Credit outstanding in favor of suppliers for Rs.6.14 crores (previous year Rs. 5.82 crores).
- b) Surety bonds executed in favor 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.120.83 crores).

Note 35 – The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMEDA). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2013 has been made in the financial statements based on information received and available with the Company.

Note 36 – Total lease payments recognised in the statement of profit and loss for the year is Rs.3.89 crores (Previous year Rs.2.54 crores).

The total of minimum future lease payments under non-cancelable operating leases are as under:

Operating Leases

Particulars	(Rs. in Crores)	
	Year ended March 31, 2013	Year ended March 31, 2012
Minimum Lease Payments		
Not later than one year	1.70	1.16
Later than one year but not later than five years	6.58	6.99
Later than five years	16.76	18.18
Contingent rent	0.06	0.06

Note 37 – COMMITMENTS

Particulars	(Rs. in Crores)	
	Year ended March 31, 2013	Year ended March 31, 2012
Estimated amount of contracts remaining to be executed on account of Capital commitments net of advances Rs.12.68 crores (previous year Rs.12.61 crores)	14.78	16.71

Note 38 – EMPLOYMENT BENEFITS

A. Provident Fund and other Funds

Particulars	(Rs. in Crores)	
	Year ended March 31, 2013	Year ended March 31, 2012
Employer's contribution to Provident Fund	4.39	4.49
Employer's contribution to ESI	0.88	1.01

B. Defined Benefit Plan

Particulars	(Rs. in Crores)	
	Year ended March 31, 2013	Year ended March 31, 2012
I) Change in Defined Benefit Obligation		
a) Present Value of Obligation as at beginning of the year	11.08	8.77
b) Current Service Cost	1.20	1.09
c) Interest Cost	0.94	0.70
d) Benefits Paid	(0.85)	(0.81)
e) Actuarial Loss	1.73	1.33
Present Value of Obligation as at end of the year	14.10	11.08

RIKO AUTO INDUSTRIES LIMITED

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2013 (Contd.)

(Rs. in Crores)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
II) Change in Fair Value of Plan Assets		
a) At beginning of the year	5.73	4.88
b) Expected Return on Plan Assets	0.49	0.51
c) Employer's Contributions	0.12	1.14
d) Benefits Paid	(0.85)	(0.81)
e) Actuarial Gain	0.01	0.01
Fair Value of Plan Assets as at end of the year	5.50	5.73
III) The Amounts to be Recognized in Balance Sheet		
a) Present Value of Obligation as at the end of the period	14.10	11.08
b) Fair Value of Plan Assets as at the end of the period	5.50	5.73
Net Liability Recognized in Balance Sheet	8.60	5.35
IV) Expense Recognized in the Statement of Profit and Loss		
a) Current Service Cost	1.20	1.09
b) Interest Cost	0.94	0.70
c) Net Actuarial Loss	1.71	1.32
d) Expected Return on Planned Assets	(0.50)	(0.51)
Expenses Recognised in the Statement of Profit and Loss	3.35	2.60
V) Assumptions Used to Determine the Benefit Obligations		
Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Discount Rate	8.00 to 8.25%	8.50 to 8.75%
Rate of increase in compensation levels	5.50 to 10.00%	5.50 to 10.00%
Expected rate of return on Planned Assets	9.10 to 9.60%	9.25%

C. Other Long Term Benefit Plans

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
I) Actuarial Valuation has been done with the following Assumptions		
Discount Rate	8.00 to 8.25%	8.50 to 8.75%
Rate of increase in compensation levels	5.50 to 10.00%	5.50 to 10.00%
Expected rate of return on Planned Assets	9.10 to 9.60%	9.25%

Note 39 – DETAILS OF DERIVATIVE INSTRUMENTS OUTSTANDING ON MARCH 31, 2013

(Rs. in Crores)

Particulars of Hedged Derivatives	March 31, 2013	March 31, 2012	Purpose
Forward contracts - cash flow hedge(in US\$)			
Buy (in US\$)	0.10	0.10	Hedge of future payments towards term loan
Sell (in US\$)	0.04	0.25	Hedge of future receipts towards export
Sell (in Euro)	0.02	0.11	Hedge of future receipts towards export

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2013 (Contd.)

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

Particulars	(Rs. in Crores)	
	March 31, 2013	March 31, 2012
Receivables and Advances		
Exports outstanding	51.88	67.23
Payables		
Payable on Imports	5.64	3.92
Loans		
Buyer's Credit Facility	57.51	47.37
Loans	108.07	98.27

Note 40 – SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED

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

Particulars	(Rs. in Crores)			
	India	UK	USA	Total
Year ended March 31, 2013				
Revenue from External Customers	1,533.25	50.75	78.89	1,662.89
Carrying amount of Segment Assets	1,161.81	20.62	33.56	1,220.99
Capital Expenditure	163.91	0.00*	0.00*	163.91
Year ended March 31, 2012				
Revenue from External Customers	1,488.21	55.86	94.60	1,638.67
Carrying amount of Segment Assets	1,086.33	25.76	40.47	1,152.56
Capital Expenditure	87.06	0.00*	0.00*	87.06

*Amounts have been rounded off to zero

Note 41 – RELATED PARTY DISCLOSURES

- A. Related Parties where control exists

Name of the Related Parties	Description of Relationship
Changzhou Kwang Hwa Shing Precise Machine Company Limited	Associates of Joint venturer
PT FCC Indonesia	Associates of Joint venturer
Chengdu Yonghua. FCC Clutches Co. Ltd.	Associates of Joint venturer
FCC Europe Ltd.	Associates of Joint venturer
China FCC Foshan Co. Ltd.	Associates of Joint venturer
Chu's FCC Co., Ltd.(Shanghai)	Associates of Joint venturer
FCC (North Carolina) LLC. USA.	Associates of Joint venturer
FCC (Philippines) Corp.	Associates of Joint venturer
FCC (Vietnam) Co. Ltd.	Associates of Joint venturer
FCC Co. Ltd., Japan	Joint venturer
FCC Do Brazil Ltda.	Associates of Joint venturer
FCC (Taiwan) Co. Ltd.	Associates of Joint venturer
FCC (Thailand) Co. Ltd.	Associates of Joint venturer
Magna Powertrain (Changzhou) Co. Ltd.	Entity controlled by Joint venturer
Magna Powertrain AG & Co KG	Entity controlled by Joint venturer

RICO AUTO INDUSTRIES LIMITED

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2013 (Contd.)

Name of the Related Parties	Description of Relationship
Magna Powertrain Incorporation	Entity controlled by Joint venturer
Magna Powertrain Korea Incorporation	Entity controlled by Joint venturer
Magna Steyr India Pvt. Ltd.	Entity controlled by Joint venturer
MPT Fluid Pressure & Control Groups	Entity controlled by Joint venturer
Jinhua Penzhang Import and Export	Entity in which KMP exercise significant influence
Kapsons Associates Investments Pvt. Ltd.	Entity in which KMP exercise significant influence
Kapbros Engineering Industries Limited	Entity in which KMP exercise significant influence
Haridwar Estates Private Limited	Entity in which KMP exercise significant influence
Rico Castings Limited	Entity in which KMP exercise significant influence
Higain Investments Private Limited	Entity in which KMP exercise significant influence
Octan Media Limited	Entity in which KMP exercise significant influence
Raasaa Retail Private Limited	Entity in which KMP exercise significant influence

B. Key Management Personnel

Details of Key Management Personnel are as under:

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

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

(Rs. in Crores)

Particulars	Key Management Personnel and their relatives		Other parties which significantly influence/influenced by Company (either individually or otherwise)	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
I) Transactions during the year				
a) Goods Purchased				
Rico Castings Limited	—	—	49.03	50.76
Kapbros Engineering Industries Limited	—	—	0.51	—
FCC Co. Ltd., Japan	—	—	48.63	39.05
FCC (Philippines) Corp.	—	—	10.83	10.08
FCC(Thailand) Co. Ltd.	—	—	3.82	6.28
Chengdu Yonghua. FCC Clutches Co. Ltd.	—	—	5.22	5.70
FCC (Vietnam) Co. Ltd.	—	—	0.37	0.14
Chu's FCC Co. Ltd. (Shanghai)	—	—	3.54	2.56
PT. FCC Indonesia	—	—	0.05	0.16
China FCC Foshan Co. Ltd.	—	—	2.63	2.85
Changzhou Kwang Hwa Shing Precise	—	—	0.04	—
Jinhua Penzhang Import and Export	—	—	3.15	—
Zhejiang Jinfei Machinery Group Co. Ltd.	—	—	—	0.68
MPT Fluid Pressure & Control Groups	—	—	—	0.03
b) Goods Sold				
Kapbros Engineering Industries Limited	—	—	5.66	0.09
Rico Castings Limited	—	—	7.20	0.75
Continental Rico Hydraulic Brakes India Private Limited	—	—	—	4.11
FCC Co Ltd., Japan	—	—	0.12	0.09
FCC (Philippines) Corp.	—	—	0.00	—

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2013 (Contd.)

(Rs. in Crores)

Particulars	Key Management Personnel and their relatives		Other parties which significantly influence/influenced by Company (either individually or otherwise)	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
FCC (Thailand) Co. Ltd.	—	—	0.36	0.43
FCC Do Brazil Ltda.	—	—	0.62	0.97
Chu's Fcc Co. Ltd. (Shanghai)	—	—	0.27	0.49
PT. FCC Indonesia	—	—	0.52	0.90
FCC (TAIWAN) Co. Ltd.	—	—	0.00	—
MPT Fluid Pressure & Control Groups	—	—	0.00	—
c) Assets Purchased				
Kapbros Engineering Industries Limited	—	—	2.72	—
Rico Castings Limited	—	—	0.53	0.21
FCC Co. Ltd. Japan	—	—	3.10	7.02
FCC (Thailand) Co. Ltd.	—	—	0.90	—
FCC (VIETNAM) Co. Ltd.	—	—	—	0.18
FCC Do Brazil Ltda.	—	—	—	0.30
PT. FCC Indonesia	—	—	—	0.03
Zhejiang Jinfei Machinery Group Co. Ltd.	—	—	—	0.51
Magna Powertrain Inc.	—	—	0.01	—
d) Assets Sold				
Kapbros Engineering Industries Limited	—	—	0.14	15.35
e) Miscellaneous Sales				
Kapbros Engineering Industries Limited	—	—	—	0.25
MPT Fluid Pressure & Controls Group	—	—	0.30	0.11
Magna Powertrain Incorporation	—	—	0.76	—
Magna Powertrain Korea Inc.	—	—	0.59	0.58
Magna Steyr India Pvt. Ltd.	—	—	0.12	0.12
f) Job Work Expenses				
Kapbros Engineering Industries Limited	—	—	12.29	14.89
FCC Co. Limited, Japan	—	—	15.54	13.39
g) Rent Received				
Continental Rico Hydraulic Brakes India Private Limited	—	—	—	1.75
h) Share capital issued				
Magna Powertrain AG & Co KG	—	—	1.25	1.75
i) Investments made during the year				
Continental Rico Hydraulic Brakes India Private Limited	—	—	0.00	4.35
j) Administration, Finance, Production Support Service				
Rico Castings Limited	—	—	7.00	2.79
Kapbros Engineering Industries Limited	—	—	2.02	—
FCC (Philippines) Corp.	—	—	0.02	0.01
FCC (Thailand) Co. Ltd.	—	—	0.14	0.15
Magna Powertrain Inc.	—	—	0.04	—
k) Rent Paid				
Kapsons Associates Investments Pvt. Ltd.	—	—	0.35	0.35
Rico Castings Ltd.	—	—	1.55	2.76
l) Advances for Purchase				
Rico Castings Ltd.	—	—	—	0.07
m) Loan given during the year				
Haridwar Estates Private Limited	—	—	—	0.70

RICO AUTO INDUSTRIES LIMITED

Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2013 (Contd.)

(Rs. in Crores)

Particulars	Key Management Personnel and their relatives		Other parties which significantly influence/influenced by Company (either individually or otherwise)	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
n) Loan taken during the year				
FCC Co. Ltd. Japan	—	—	20.08	13.56
Kapsons Associates Investments Pvt. Ltd.	—	—	—	0.01
o) Interest paid on loan				
Kapsons Associates Investments Pvt. Ltd.	—	—	0.00	0.00
p) Investments written off during the year				
KRP Auto Industries Limited	—	—	—	20.30
Continental Rico Hydraulic Brakes India Private Limited	—	—	—	55.00
q) Remuneration Paid to Key Management Personnel	1.92	5.36	—	—
II) Balance outstanding at year end				
a) Balance Recoverable				
Haridwar Estates Private Limited	—	—	9.72	9.37
Rico Castings Limited	—	—	20.21	3.73
Kapbros Engineering Industries Limited	—	—	5.92	—
Continental Rico Hydraulic Breaks India Private Limited	—	—	—	6.81
FCC Co. Ltd., Japan	—	—	0.01	—
FCC Rico Ltd.	—	—	2.62	5.40
FCC(Thailand) Co. Ltd.	—	—	0.04	—
FCC Do Brazil Ltda.	—	—	0.17	0.22
Chu's FCC Co., Ltd. (Shanghai)	—	—	0.04	—
PT. FCC Indonesia	—	—	0.13	0.26
Magna Rico Powertrain Pvt. Ltd.	—	—	0.30	0.28
b) Balance Payable				
Kapbros Engineering Industries Limited	—	—	1.27	0.22
FCC Co. Ltd., Japan	—	—	24.01	19.91
FCC Rico Ltd.	—	—	0.02	—
FCC (Philippines) Corp.	—	—	2.96	2.75
FCC (Thailand) Co. Ltd.	—	—	0.92	1.64
Chengdu Yonghua. FCC clutches Co. Ltd.	—	—	0.49	1.05
FCC (Vietnam) Co. Ltd.	—	—	0.01	0.02
Chu's FCC Co. Ltd. (Shanghai)	—	—	0.41	0.29
PT. FCC Indonesia	—	—	0.04	—
China FCC Foshan Co. Ltd.	—	—	0.77	0.71
Rico Castings Limited	—	—	10.38	—
Magna Rico Powertrain Pvt. Ltd.	—	—	—	0.15
Jinhua Penzhang Import and Export	—	—	0.17	0.17
Zhejiang Jinfei Machinery Group Co. Ltd	—	—	0.13	0.26
MPT Fluid Pressure & Controls Group	—	—	0.37	0.13
Magna Powertrain Inc	—	—	0.04	—
Magna Powertain (Changzhou) Co. Ltd.	—	—	0.01	0.01
Magna Powertrain Korea Inc	—	—	0.54	0.47
Magna Steyr India Pvt. Ltd.	—	—	0.02	0.02
c) Loan outstanding (interest bearing)				
Kapsons Associates Investments Pvt. Ltd.	—	—	—	0.01



Summary of Significant Accounting Policies and other Explanatory Information to the Consolidated Financial Statements for the year ended March 31, 2013 (Contd.)

Note 42 – A fire broke out on December 7, 2012 at one section of the Company's ferrous foundry unit located at the Gurgaon plant. As a result, fixed assets having a written down value of Rs.1.55 crores and raw materials amounting to Rs.0.29 crore were destroyed. Net amount of Rs.1.02 crores (after considering the salvage value of Rs.0.82 crore) has been shown as receivable from insurance Company in the books of accounts. The management has lodged a claim with the insurance Company and does not foresee any financial loss on this account.

Note 43 – As on April 1, 2012, FCC Rico Limited ("FCC") has revised its accounting policy of providing depreciation from the written down value method to straight line method as per rates prescribed under schedule XIV of the Companies Act, 1956 in order to provide more appropriate preparation and presentation of the financial statements of the Company. The change in the above accounting policy has resulted in surplus of Rs.13.00 crores relating to previous years. Consequently, the net profit for the year is higher by Rs.13.00 crores.

Further, from April 1, 2012, FCC has started charging depreciation on straight line method over the useful life of the assets, as estimated by the management. Had FCC followed the written down value basis of depreciation accounting, the charge for this year ended March 31, 2013 would have been lower by Rs.6.28 crores in comparison to present method of depreciation, based on useful life of the assets and consequently profit would have been higher by Rs.6.28 crores. Moreover, had FCC followed the written down value basis of depreciation accounting, the charge for this year would have been higher by Rs.12.66 crores in comparison to depreciation based upon the straight line method, as per rates prescribed under schedule XIV of the Companies Act, 1956 and consequently profit would have been lower by Rs.12.66 crores.

Note 44 – Until March 31, 2012, Rico Auto Industries Limited ("the Company") was recording dies and moulds as stores and spares in inventory which was charged to consumption in the year of use. During the year ended March 31, 2013 the Company, based on the technical evaluation and keeping in view the industry practice, has changed its accounting policy wherein such inventory is treated as fixed assets. Dies are now depreciated over their respective useful lives based on a technical estimate. Due to this change in accounting policy, reported profit for the current year is higher by Rs.9.06 crores whereas fixed assets are higher by Rs.21.42 crores and inventory is lower by Rs.12.36 crores.

Note 45 – Corresponding figures for the previous year have been re-grouped/re-arranged, wherever necessary to conform to current year classification.

For and on behalf of the Board of Directors

For **Walker, Chandiook & Co**
Chartered Accountants

per **Ashish Gupta**
Partner

O.P.Aggarwal
Executive Director (Finance)

Arun Kapur
Jt. Managing Director

Place : Gurgaon
Dated : 30th May, 2013

B.M.Jhamb
Company Secretary

Amarjit Chopra
Satish Sekhri
Directors

Arvind Kapur
Chairman, CEO
& Managing Director

RIKO AUTO INDUSTRIES LIMITED

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

ATTENDANCE SLIP

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

NAME AND ADDRESS OF THE SHAREHOLDER

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

I hereby record my presence at the 30th Annual General Meeting of the Company held on Monday, the 30th September, 2013 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**

RIKO AUTO INDUSTRIES LIMITED

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

PROXY FORM

DP. Id*	
Client Id*	

Folio No.	
No. of Shares held	

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

as my/our Proxy to attend and vote for me/us and on my/our behalf, at the 30th Annual General Meeting of the Company to be held on Monday, the 30th September, 2013 at 12.00 Noon and/or at any adjournment thereof.

Signature of the Shareholder(s)

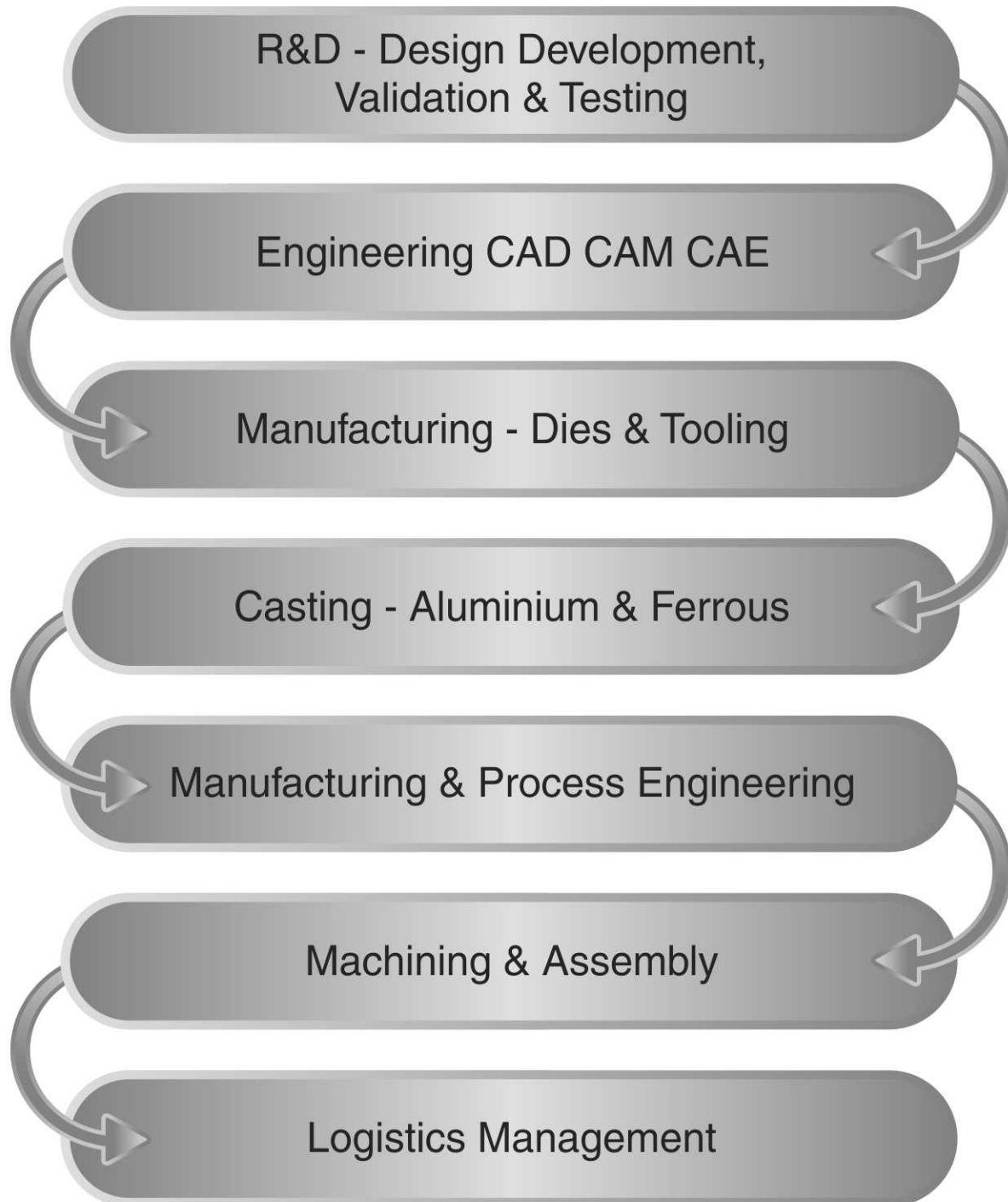
Signed _____ day of _____ 2013

*Applicable for Shareholding in electronic form

Affix
Fifteen Paise
Revenue
Stamp

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

Concept to Completion



Account & Program Management



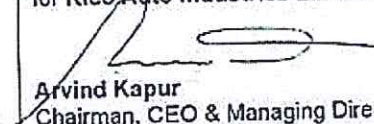
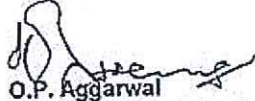

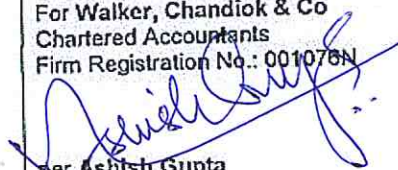
Corporate Office & Gurgaon Plant

RIKO AUTO INDUSTRIES LIMITED

38 KM Stone, Delhi - Jaipur Highway, Gurgaon - 122001 Haryana INDIA
Phone : +91 124 2824000 Fax : +91 124 2824200 e-mail : rico@ricoauto.in

FORM A

(Pursuant to Clause 31(a) of the Listing Agreement)

1.	Name of the Company	Rico Auto Industries Limited
2.	Annual Financial Statements for the year ended	March 31, 2013
3.	Type of Audit Observation	<p>Un-qualified</p> <p>The report of the statutory auditors contains the following observations on the standalone financial statements:</p> <p>Observations in the annexure to the Independent Auditors' Report under the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956:</p> <p>Clause (ii)(c)</p> <p>a) The Company is maintaining proper records of inventory and material discrepancies noticed on physical verification have been properly dealt with in the books of account.</p> <p>Clause (iv)(b)</p> <p>b) Owing to the unique and specialized nature of the items involved and in the absence of any comparable prices, we are unable to comment as to whether the transactions made in pursuance of such contracts or arrangements have been made at the prevailing market prices at the relevant time.</p> <p>Clause (ix)(a)</p> <p>c) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.</p> <p>Clause (xi)</p> <p>d) In our opinion, the Company has not defaulted in repayment of dues to any bank. There are no dues to debenture-holders. The Company has delayed in repayment of an instalment of Rs.0.92 crore to one financial institution for 37 days by March 31, 2013. The delay was made good subsequent to the year end on April 12, 2013.</p> <p>Clause (xvii)</p> <p>e) In our opinion, the Company has used funds raised on short-term basis for long-term investment. During the year, the Company has raised funds from short term borrowings amounting to Rs.33.25 crores, which would fall due for repayment within one year from the date of their receipt and such funds have been invested for acquiring long term investments and fixed assets.</p>
4.	Frequency of Observation	<p>i. Observation (a) has appeared for the first time</p> <p>ii. Observation (b) has appeared for the first time</p> <p>iii. Observation (c) has been appearing since financial year 2008-09</p> <p>iv. Observation (d) has appeared for the first time and</p> <p>v. Observation (e) has been appearing since, financial year 2011-2012</p>
5.	Signed by	<p>for Rico Auto Industries Limited</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  Arvind Kapur Chairman, CEO & Managing Director </div> <div style="text-align: center;">  O.P. Aggarwal CFO & Executive Director (Fin.) </div> <div style="text-align: center;">  Anandjit Chopra Chairman - Audit Committee </div> </div> <p>For Walker, Chandio & Co Chartered Accountants Firm Registration No.: 001076N</p> <div style="text-align: center;">  per Ashish Gupta Partner Membership No.: 504662 </div> <p>Place: Gurgaon</p>