

# **RICO** RICO AUTO INDUSTRIES LIMITED

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

RAIL:SEC:2021

September 30, 2021

BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400001  Scrip Code - <b>520008</b>	National Stock Exchange of India Limited Exchange Plaza, 5 <sup>th</sup> Floor, Plot No.C/1, G Block Bandra-Kurla Complex Bandra (E), Mumbai - 400 051  Scrip Code - <b>RICOAUTO</b>
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**Sub : Proceedings of 38<sup>th</sup> Annual General Meeting – 30<sup>th</sup> September, 2021**

Dear Sir/Madam,

We wish to inform you that the 38<sup>th</sup> Annual General Meeting (AGM) of the Company was held on Thursday, the 30<sup>th</sup> September, 2021 at 12.00 Noon through Video Conferencing (VC)/Other Audio Visual Means (OAVM) and the business items (Item No.1 to 4) mentioned in the notice of the AGM were transacted at the said meeting.

The voting results of the 38<sup>th</sup> Annual General Meeting of the Company alongwith the Scrutinizer's Report will be submitted within the stipulated time.

In this regard we are pleased to enclose herewith a summary of proceedings alongwith Chairman's Speech as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The 38<sup>th</sup> Annual General Meeting of the Company was concluded at 1.00 PM.

Kindly take the same on record.

Thanking you,

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



**B.M. Jhamb**  
Company Secretary  
FCS : 2446

Encl : As above

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## **Summary of Proceedings of the 38<sup>th</sup> Annual General Meeting of Rico Auto Industries Limited held on 30<sup>th</sup> September, 2021**

The 38<sup>th</sup> Annual General Meeting (AGM) of the Members of the Company was held on Thursday, the 30<sup>th</sup> day of September, 2021 at 12.00 Noon through Video Conferencing (VC)/Other Audio-Visual Means (OAVM). The meeting was called, convened, held and conducted in compliance with Circulars issued by Ministry of Corporate Affairs and SEBI and other applicable provisions of the Companies Act, 2013 read with rules made thereunder. The brief proceedings are as under:

Shri Arvind Kapur, Chairman, CEO & Managing Director and Member of the Audit and Nomination & Remuneration Committee Chaired the Meeting. He welcomed the Members, Directors, Auditors and Scrutinizer who joined at the AGM through virtual mode. Ninety two (92) Members attended the AGM through VC/OVAM. The requisite quorum being present, the Chairman called the meeting to order and commenced the proceedings.

Shri Vinod Kumar Nagar, Director and Member of the Audit and Stakeholder's Relationship Committee, was present at the meeting. Shri Kanwal Monga, Director and Chairman of Nomination and Remuneration Committee was also present at the meeting. Other Directors present were Shri Satish Sekhri, Ms. Sarita Kapur and Mrs. Upasna Kapur. Shri Amarjit Chopra, Dr. Ashok Seth, Shri Rajeev Kapoor and Shri Arun Kapur due to their pre-occupation could not attend the meeting. The representative of Statutory Auditors and Secretarial Auditors were also present at the meeting.

With the consent of all Members present, the Notice of 38<sup>th</sup> AGM and Reports of Directors' and Auditors on the Financial Statements of the Company for the financial year 2020-21 were taken as read.

The Members were informed that pursuant to Section 108 of the Companies Act, 2013, read with Rules made thereunder and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company had provided remote e-voting facility to all its members to exercise their right to vote by electronic means from Monday, 27<sup>th</sup> September, 2021 (9.00 a.m. IST) to Wednesday, 29<sup>th</sup> September, 2021 (5.00 p.m. IST). In addition, facility for e-voting was also provided during the AGM to Members who participated in the AGM and had not cast their votes electronically through remote e-voting.

It was further informed the members that the Board of Directors has appointed Shri K.K Sachdeva, of M/s. K.K Sachdeva & Associates, Company Secretaries as Scrutinizer to scrutinize the remote e-voting process as well as e-voting at the AGM in a fair and transparent manner. The following business items as set out in the Notice of AGM, were proposed for approval of the Members:

Sl. No.	Resolutions	Type of Resolutions
<b>Ordinary Business</b>		
1.	Adoption of the Audited Standalone and Consolidated Financial Statements for the year ended 31 <sup>st</sup> March, 2021 together with the Reports of Directors' and Auditor's thereon.	Ordinary Resolution

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2.	Declaration of dividend on Equity Shares for the financial year ended 31 <sup>st</sup> March, 2021. The Board has recommended 20% Dividend i.e. Re.0.20 (Twenty paise) per Equity Share of Re.1/- each.	Ordinary Resolution
3.	Re-appointment of Shri Arun Kapur (DIN:00100270) as Director, who retires by rotation and being eligible, offers himself for re-appointment.	Ordinary Resolution
<b>Special Business</b>		
4.	Ratification of Remuneration of Cost Auditors, M/s. MM & Associates, Cost Accountants (Firm Registration No.000454) for the financial year 2021-22.	Ordinary Resolution

The Company Secretary invited to those members who had registered themselves as speakers, to raise their queries, express views and share their suggestions on operations of the Company or any other matter placed at the AGM. The pre-registered Members spoke at the meeting and raised wide range of queries on the financial and operations of the Company. The Chairman responded all the queries raised by the members to their satisfaction and welcomed the suggestions offered by the Members.

The Company Secretary announced that the combined results of the e-voting will be announced within two working days from the conclusion of Meeting and the same shall be posted on the website of the Company, intimated to National Securities Depository Limited (NSDL) and notified to BSE and NSE, where the equity shares of the company are listed.

The Chairman then thanked the Directors, Auditors and Members present and declared the meeting as closed. The meeting concluded at 1.00 PM with a vote of thanks to the Chair.

The facility for e-voting remained open for 15 minutes after conclusion of the meeting to enable the members to cast their vote.

The aforesaid proceedings do not purport to the minutes of the proceedings at the said Annual General Meeting.

Thanking you,

Yours faithfully,  
for Rico Auto Industries Limited

  
**B.M Jhamb**  
Company Secretary  
FCS: 2446

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## **CHAIRMAN'S SPEECH**

### **Rico continues to be a preferred supplier to OEMs across globe for Electric Vehicles, Electrified Vehicles and ICE Engines**

(Statement of the Chairman at the **38<sup>th</sup> Annual General Meeting** of the Company held on Thursday, the 30<sup>th</sup> day of September, 2021)

Dear Shareholders,

Good afternoon. On behalf of the entire Rico Family, it gives me great pleasure to welcome you all to the 38<sup>th</sup> Annual General Meeting of your Company.

Recent times have been very challenging with the onslaught of the Covid-19 pandemic. The tough period tested our collective mettle in more ways than one. As the Covid-19 pandemic raged across the globe, in India we were hit by the ferocious second wave, causing a scale of suffering that was unparalleled.

At Rico, we are committed to ensure the safety and well being of our colleagues and employees, we initiated a vaccination drive, as a result of which almost 100 per cent of our employees (Permanent and Contractual) have been vaccinated for first dose and almost 50 per cent have been covered for second dose. We are hopeful that our target of 100 per cent vaccination for both doses will be achieved by November 2021.

It is matter of great sorrow for us that we unfortunately lost 2 of our colleagues to the pandemic. I would like to extend my tribute to the families of our colleagues. We are doing our best to support the bereaved families and meet their financial requirements to the extent possible.

### **Economy & Industry Update**

The resurgence of the virus and economic damage added uncertainty to India's growth forecast. Moody's Investor service went on to slash India's growth projection to 9.6 per cent for 2021 from its earlier estimate of 13.9 per cent. Prior to this, the Indian economy was seen to contract by 7.3 per cent in fiscal 2020-21, as against a 4 per cent growth in 2019-20.

### **Operations (FY 2020-21)**

Despite the testing macro-economic conditions and lockdown in first quarter, the resilient performance of your Company is reflected in the improvement of its Consolidated revenues by 4.5% to Rs.1488.00 crores with a positive cash flow of Rs.13.9 crores. Among other things, during the pandemic, in order to meet our commitment to our customers, we have had to ship consignments by air. The cost of this premium air freight has impacted the bottom line of the Company. However, we have partially recovered this cost and are in the process of having ongoing discussions with our customers for more.

In the light of the Company performance and also to maintain continuity, the Board of Directors, have recommended out of the surplus, a Dividend @ 20 per cent i.e. Re.0.20 per Equity Share of Re.1/- each for the financial year 2020-21 amounting to Rs.2.71 crores on the equity share capital of Rs.13.53 crores. This is as against a dividend of 30 per cent i.e. Re.0.30 per Equity Share of Re.1/- each aggregating to Rs.4.06 crores in the previous year on the same Equity Share Capital.

## **Outlook for Current Year (FY 2021-22)**

The spread of COVID-19 Pandemic has affected the business operations post the lockdown. The Company and the Group has taken various measures in consonance with the Central and State Government Advisories to contain the Pandemic. Your Company has been feeling the short term impact of the pandemic on its business but we are hopeful to cover-up the sales in the remaining part of the year.

Post lifting of the lockdown, your Company and the Group has carried out a comprehensive assessment of possible impact on its business operations, financial and non-financial assets, contractual obligations and its overall liquidity position, based on the internal and external sources of information and application of reasonable estimates. Your Company pursuant to the relaxed guidelines, resumed its operations at all its plants.

The first quarter ended 30<sup>th</sup> June, 2021, recorded a total revenue of Rs.344 crores despite 6 weeks of lockdown as against the total revenue of Rs.131 crores in the corresponding quarter of the previous year. Consequently, the Loss stood at Rs.2.33 crores for the first quarter as against Loss of Rs.14.70 crores in the corresponding quarter of the previous year. The Company is confident to improve the turnover and margin during the remaining part of the year. Festive demand, vaccination drive and cost of input will have mixed impact on the profit margin.

## **Exports**

The export turnover of your Company during the year under review was Rs.359 crores as against Rs.311 crores in the previous year, a growth of 13 per cent.

At present export share is 25 per cent in the total sales. We are aiming that export sales achieves a share of more than 30 per cent in the coming years not only from existing components but also from high technologically components for **Electric Vehicles and Electrified Vehicles**.

Your Company has been one of the pioneers in exporting critical powertrain components based on the established quality systems and delivery experience of over 25 years. We have established a network of warehousing and local business representatives to support and manage our overseas customers. Since 2018 we have been focusing on the emerging **Electric Vehicles and Hybrid Vehicle Components** and have been awarded multiple businesses by BMW, STELLANTIS (PSA), RENAULT and TOYOTA.

### **Expansions**

Your Company, despite the pandemic, continued its efforts towards expansion of its domestic and overseas customer base by optimizing utilization of existing available capacities, expansion of existing facilities and setting up new facilities, wherever required, to enhance the capacity. The Company is using its geographical spread to strategically locate its operations for de-risking.

Your Company, in order to garner a fair share in the sunrise **Electric Vehicles (EV)** Industry, is actively participating by supplying to BMW, STELLANTIS (PSA), RENAULT for their **EV** in Europe for Motor and Transmissions.

Overall, we are aggressively involved to meet the **EV** Components requirements of our customers. Keeping this in view your Company is expanding its Chennai facility to manufacture and supply high technology components to Toyota for their **Electrified Vehicles**.

Your Company invested in Rico Friction Technologies Limited (Formerly Metalart Friction Private Limited) by acquiring its 70 per cent paid-up equity share capital on 30<sup>th</sup> December, 2020 and consequently it has become our Subsidiary Company. This Company has its plant at Gurugram to manufacture Friction Materials for Clutch and other applications.

### **Subsidiary Companies**

Your Company has acquired Rico Friction Technologies Limited and including this, your Company now has Nine Subsidiary Companies (including two Overseas Subsidiaries).

### **Corporate Social Responsibility**

Besides the regular commitment towards the Society, Economy and Environment, during the Covid-19 second wave which severely impacted the healthcare system of our country, your Company has set-up the free Covid Care Centre at Dharuhera, Rewari, Haryana. It has a 60 bed facility, expandable to 130 beds, equipped with 50 Oxygen Concentrators while we continue to install Oxygen Generation Plant. Rico dedicated this Covid Care Centre to help the local communities, migrant workers of neighboring industries and the local administration. Complete medical care, lab tests and medicines were provided free of charges by Rico Covid Care Centre.

### **Way Forward and Opportunities**

Going forward we are optimistic about the growth in the macro economy fuelled by the progress of the nationwide vaccination drive. The Government also took several pioneering steps to incentivize investment inflow to boost economic growth as also to give a stable climate for more investments in India and subsequently scrapping of the retrospective tax. Speaking of the automobile sector in particular, the shift to the BS-VI standard in FY21 has opened significant opportunities, as has the Government's announcement of the vehicle scrappage policy. Your Company is well-poised to reap the benefits of the V-shaped recovery of the economy.



Overall, the Indian Auto-Components Industry has experienced healthy growth over the last few years. According to India Brand Equity Foundation (IBEF) April 2021 report, the Auto-Components Industry expanded by a CAGR of 6 per cent over FY16 to FY20 to reach US\$ 49.3 billion in FY20. The industry is expected to reach US\$ 200 billion by FY26.

It accounted for 2.3 per cent of India's Gross Domestic Product (GDP). As per Automobile Component Manufacturers Association (ACMA), Automobile Components export from India is expected to reach US\$ 80 billion by 2026. Per CARE Ratings, FY22 is expected to witness a positive growth of 18 to 20 per cent, after two consecutive fiscals of de-growth. The Indian Auto Components Industry is expected to reach US\$ 200 billion in revenue by 2026. India has a competitive advantage in Auto Components due to large number of players. This factor is likely to result in higher exports in the coming years.

Government has come out with Automotive Mission Plan (AMP) 2016-26 which will help the Automotive Industry to grow and will benefit the Indian economy at large. 100 per cent FDI is also allowed under the automatic route for Auto Component Sector. The Indian Auto-Components Industry is set to become the third largest in the world by 2025. Indian Auto-Component Makers are well positioned to benefit from the globalization of the sector as export potential could go up to US\$ 30 billion by 2021.

During the Q1 of FY21-22 India has attracted total Foreign Direct Investment (FDI) inflow of 22.53 billion dollars which is higher by 90 per cent over the same period of the previous year. Automobile Industry has emerged as the top sector with 27 per cent share in the above FDI.

### **Opportunities & Challenges**

India's lead towards Electric mobility by 2050 is expected to surpass the sales of conventional vehicles in the country, as the coming years will lay a firm foundation towards this objective. The State Government's policies and incentives will further boost the EV eco system.

The recently announced Production Linked Incentive (PLI) Scheme of Rs.26058 crores provides Rs.25938 crores for advance automotive technology vehicles and auto components with focus on environmentally cleaner, sustainable advanced and more efficient Electric Vehicles based system.

Your Company looks forward to expand its Global network by moving into new Geographies, forming new Partnerships, gaining more business from existing Customers and taking on new Customers. To drive progress, the Company is geared up for grabbing the opportunity as it strives to be a Preferred Supplier backed by Technology and Automation for smooth execution of varied customers' requirements including components for **Electric Vehicles, Electrified Vehicles and ICE Engines.**

On the sales front, a deep structural slowdown in the industry even before the pandemic, combined with the impact of the pandemic in 2020-2021, has pushed all vehicle segments back by many years. Two-wheeler sales were particularly hit with the challenges of rampant job losses and business downturn. Recovery from here will require time and efforts by all stakeholders. There is still uncertainty in the value chain owing to semiconductor shortage, fresh lockdowns and increasing raw material prices.

In my speech last year, I spoke about "Mission2K20", that of achieving a turnover of Rs.2000 crores by the year 2021. While this may not have been possible this year because of the Covid-19 pandemic, but we are in line to achieve our targeted turnover in the year 2022-23.

### **Amalgamation**

To achieve business synergies, the Board of your Company, in its meeting held on 26<sup>th</sup> July, 2021 approved the Scheme of Amalgamation of its three Wholly Owned Subsidiaries namely RASA Autocom Limited, Rico Aluminium and Ferrous Auto Components Limited and Rico Investments Limited with

itself, subject to necessary approval from the concerned regulatory authorities and of course from you. The application along with the proposed Scheme of Amalgamation has been filed with the Hon'ble NCLT Chandigarh for its approval.

The proposed amalgamation after approval would results in improved competitive position of your Company as a combined entity by achieving economies of scale.

### **Acknowledgements**

I would like to take this opportunity to thank all our stakeholders and our customers for their continued trust in us.

Our employees are our biggest resource and our endeavor is to improve their competencies at all levels. I would also like to acknowledge the commitment and efforts of the entire Rico Team in adding value at each level of the value chain.

I would also like to thank all local, State and National Governments, the concerned bodies and Banks for their support. Last but not the least, I thank you, our shareholders for your continued support and faith in us.

My best wishes to you and your families. Stay safe, Stay healthy.

Thank you once again.

**CHAIRMAN**

(This does not purport to be a record of the proceedings of the Annual General Meeting)