

RAIL:SEC:2020

November 12, 2020

BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400001 Scrip Code - 520008	National Stock Exchange of India Limited Exchange Plaza, 5 th Floor, Plot No.C/1, G Block Bandra-Kurla Complex Bandra (E), Mumbai - 400 051 Scrip Code - RICOAUTO
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Sub : **Proceedings of 37th Annual General Meeting – 12th November, 2020**

Dear Sir/Madam,

We wish to inform you that the 37th Annual General Meeting (AGM) of the Company was held on Thursday, the 12th November, 2020 at 12.00 Noon through Video Conferencing (VC)/Other Audio Visual Means (OAVM) and the business items (Item No.1 to 8) mentioned in the notice of the AGM were transacted at the said meeting.

The voting results of the 37th 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 37th Annual General Meeting of the Company was concluded at 12.50 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

Summary of Proceedings of the 37th Annual General Meeting of Rico Auto Industries Limited held on 12.11.2020

The 37th Annual General Meeting (AGM) of the Members of the Company was held on Thursday, the 12th day of November, 2020 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 chaired the Meeting. He welcomed the members, Directors, Auditors and Scrutinizer who joined at the AGM through virtual mode. Eighty (80) Members attended the AGM through VC/OVAM. The requisite quorum being present, the Chairman called the meeting to order and commenced the proceedings.

Shri Amarjit Chopra, Chairman of the Audit Committee and Stakeholder's Relationship Committee, was present at the meeting. Shri Satish Sekhri, Chairman of Nomination and Remuneration Committee was also present at the meeting. All the other Directors were also present at the meeting, except Dr. Ashok Seth, who could not attend the meeting due to their pre-occupation. The representative of Statutory Auditors and Secretarial Auditors were also present at the meeting.

With the consent of all Members present, the Notice of 37th AGM and Reports of Directors' and Auditors on the Financial Statements of the Company for the financial year 2019-20 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, 9th November, 2020 (9.00 a.m. IST) to Wednesday, 11th November, 2020 (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.

The Chairman 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
Ordinary Business		
1.	Adoption of the Audited Standalone and Consolidated Financial Statements for the year ended 31 st March, 2020 together with the Reports of Directors' and Auditor's thereon.	Ordinary Resolution

2.	Declaration of dividend on Equity Shares for the financial year ended 31 st March, 2020. The Board has recommended 30% Dividend i.e. Re.0.30 (Thirty paise) per Equity Share of Re.1/- each.	Ordinary Resolution
3.	Re-appointment of Smt. Upasna Kapur (DIN: 00327461) as Director, who retires by rotation and being eligible, offers herself for re-appointment.	Ordinary Resolution
Special Business		
4.	Approval of Payment of Commission to Non-Executive Directors	Special Resolution
5.	Appointment of Ms. Sarita Kapur (DIN: 08848507) as an Independent Director	Ordinary Resolution
6.	Re-appointment of Shri Arun Kapur (DIN:00100270), Joint Managing Director and payment of Remuneration	Special Resolution
7.	Ratification of Remuneration of Cost Auditors, M/s. J.K. Kabra & Co., Cost Accountants (Firm Registration No. 000009) for the financial year 2020-21.	Ordinary Resolution
8.	Approval of Related Party Transactions with Rico Aluminium and Ferrous Auto Components Limited.	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 48 hours 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 12.50 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

RICO AUTO INDUSTRIES LIMITED

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CHAIRMAN'S SPEECH

Rico continues to be a preferred supplier to OEMs across globe

(Statement of the Chairman at the 37th Annual General Meeting of the Company held on Thursday, the 12th day of November, 2020)

Dear Shareholders,

Good afternoon. It gives me great pleasure to welcome you all to the 37th Annual General Meeting of your Company. Thank you not just for your presence through Video Conferencing but also for your continued support and goodwill that is imperative for the success of your Company.

Sector & Industry Update

FY2020 has been an unprecedented year in more ways than one. Not only have there been trade disruptions between US and China, there has been deceleration in the manufacturing sector with the Brexit concern. The outbreak of the COVID-19 Pandemic, of course, has further worsened economic growth. India also saw a spate of challenges in the economic scenario with the GDP growth declining from quarter to quarter, and the overall GDP growth settling at 4.2 per cent for FY2020, a record low of 11 years.

The global automotive industry suffered the impact of the 2019 economic downturn, with Moody's maintaining a "negative" sector outlook. The automotive industry in India too, witnessed a demand decline across various product segments, even before the onset of the global pandemic, led by the overall economic slowdown. The major drivers of the decline were weak customer sentiments coupled with ambiguity surrounding the availability of financing options to vehicle dealers, increase in vehicle insurance premiums, increased road tax in some states, anticipation of a GST rate cut for the automobile sector that delayed purchase decisions, ambiguities on regulatory measures around BS IV and VI emission standards, increase in oil prices etc. The problem was, of course, compounded by the outbreak of the pandemic, bringing not just business activities but also life to a halt.

The good news, however, is that post lifting of the lockdown, with the Government stimulation package and infrastructure spends, the pandemic hit Indian Economy is recovering from a record low and is on the right track to achieve its vision of becoming a USD 5 Trillion Economy by 2025. The increase in GST collection in the month of September and October of the current fiscal is a good indicator of the recovery and it is expected that the remaining months will also propel growth. Further, driven with a vision of AatmaNirbhar Bharat (a self reliant India), the country is geared up to Make in India a reality.

The Auto Industry has also been showing a sequential (month-on-month) improvement. The current festive season has added to the pent-up demand and helped OEMs recover the losses incurred during the nationwide lockdown due to Covid-19. Four-Wheeler sales figures for the month of October, 2020 in India have recorded a double digit growth of 18 per cent over the same month in last year. The growth in October stands at 14 per cent as compared to September, 2020. This is largely on account of the preference for personal mobility as also the growth in rural markets. Maruti Suzuki, India's Top Car Maker, and our esteemed Four-Wheeler Customer, for example, recorded 18 per cent growth in the month of October, 2020 over the same month in last year and a growth of 11 per cent over September, 2020.

Two-Wheeler sales also continued to be buoyant in the month of October, 2020 and recorded double digit growth of 15.77 per cent over the same month in the last year, whereas growth over September, 2020 stood at 8 percent. Hero MotoCorp, our reputed Two-Wheeler Customer went on to register a 32.54 per cent growth in the month of October, 2020 against the same month in the last year, and a growth at 5.05 per cent over September, 2020.

Operations (FY 2019-20)

For the financial year 2019-20, the consolidated net income of Your Company stood at Rs.1423.78 crores while your Company recorded a PAT of Rs.16.68 crores. The Net Worth increased to Rs.621.00 crores in the financial year 2019-20 up from Rs.616.00 crores in the previous year.

In the light of the company performance as also to maintain continuity and to conserve resources, the Board of Directors, have recommended a Dividend @ 30 per cent i.e. Re.0.30 per Equity Share of Rs.1/- each for the financial year 2019-20 amounting to Rs.4.06 crores on the equity share capital of Rs.13.53 crores. This is as against a dividend of 80 per cent (40% Interim and 40% Final) i.e. Re.0.80 per Equity Share of Rs.1/- each aggregating to Rs.12.33 crores including dividend tax of Rs.1.51 crores in the previous year on the same Equity Share Capital.

Outlook for Current Year (FY 2020-21)

The Nationwide Lockdown imposed in India to curb the Covid-19 spread, adversely impacted the sales and profit of your Company in the first quarter, which recorded a decrease of 60 per cent and 723 per cent respectively year-on-year. Accordingly, the first quarter ended 30th June, 2020, recorded a consolidated revenue of Rs.146.19 crores as against the gross revenue of Rs.368.73 crores in the corresponding quarter of the previous year. Consequently, the Loss stood at Rs.24.67 crores for the first quarter as against Profit after Tax of Rs.3.96 crores in the corresponding quarter of the previous year.

However, beginning June 2020, your Company has been on the path to recovery. On account of demand recovery in Rural and Semi-urban markets, the current volume of auto sales has ramped up which has resulted in increase of production volumes and the sales of your Company. Your Company has recorded a total consolidated revenue of Rs.402.00 crores in the 2nd quarter, a growth of 175 per cent from the 1st Quarter in FY 2020-21. In line with increased demand, a recovery is expected in the remaining period of FY 2020-21. Your company, therefore, is confident of offsetting the decrease in sales of 25% in H1 of FY 2021 as opposed to the same time last year, in the remaining half of the year.

We would like to thank our prestigious customers - Hero, BMW, Maruti, Renault, KIA, Toyota, PSA, Cummins and Daimler for their continued partnership. The year will further witness a steadfast focus on improvement in productivity, efficient utilization of assets, as well as compliance with lean manufacturing practices along with a de-risked business model. The ability to retain old customers as well as add new ones and given our strong brand coupled with commitment to customers, has led to a healthy order book in FY 2021 to the tune of Rs.1654.00 Crores out of which Rs.420.00 Crores relates to our two subsidiaries. We also remain focused on our automation drive as well as on LEAN transition. The aftermarket business remains one of our focus areas.

Exports

Exports have been a core focus area for your Company. Your Company is concentrating on building infrastructure and capacity to further improve its segment competitiveness. We also have a strong focus on continuous investment in R & D to ensure long-term sustainable growth in the business.

Your Company recorded an Export Sales of Rs.310.49 crores as against Rs.298.39 crores in the previous year. The drop in sales is primarily due to direct billing to customers, which was undertaken to counter the impact of duties and taxes after removal of Generalized System of Preference (GPS) on Indian Parts. This had its impact on sales in Rico Auto Industries (UK) Limited whereas overall sale to European Union (EU) in FY2020 has increased by 9% at Rs.106.00 Crores. During first half of FY 2020-21, the consolidated export sales stood at Rs.142.00 Crores as against Rs.148.00 Crores in the corresponding period of previous year.

Post the unlock operations, in order to meet the demand of overseas customers, your Company has incurred expenses over premium freight to help customers seamlessly run their lines. Of course we are negotiating to pass on the cost of premium freight to them. We hope to resolve this soon and to offset the loss to the some extent.

Expansions

Continuous efforts are on by your Company 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. The Company is using its geographical spread to strategically locate its operations for de-risking.

To further expand capacities, new plants have been set up at Halol, (Gujarat) & Haridwar, (Uttarakhand). The production at both plants is going on and production at Pathredi Plant has also commenced during FY 2019-20.

In unprecedented times, more than ever, your company remains focused on offering its customers the most technologically advanced and best-in-class products. We are certain that our zeal to strengthen our own internal capabilities and offer sustainable development will go a long way in overcoming any short-term environmental challenges & converting them into strengths.

Subsidiary Companies and Joint Venture (JV)

Your Company has three Wholly Owned Subsidiaries (including two overseas subsidiaries), two Subsidiary Companies and three Step-down Subsidiary Companies. There was no material change in the nature of the business of any Subsidiary Company in the fiscal. The Company's Subsidiaries and JV are showing a steady growth and are expected to contribute to your Company's profits in a significant manner.

Rico Jinfei Wheels Limited has received new orders from Hero Motocorp Limited to supply the wheels. This will help to almost double the turnover and better utilization of current equipments without major investment.

Rico Fluidtronics Limited has also received new orders from Maruti Suzuki Limited for supplies to start in the FY 2021-22.

The Board of Directors of your Company have approved investment in M/s. Metalart Friction Private Limited which is in the business of manufacturing Friction Materials for Clutch and other applications up to an amount of Rs.76.80 lakhs to the extent of 80 per cent of its Equity Share Capital. Consequent to the aforesaid Investment, it will become a subsidiary of your Company and the control will vest with your Company.

Corporate Social Responsibility

During the Covid-19 lockdown period, your company actively took steps towards tackling the unprecedented health & humanitarian crisis arising from the pandemic outbreak. Our focus was on the immediate provision of food, dry ration, water, basic medicines and safety kits, etc. for the marginalized communities that were bearing the brunt of loss of livelihoods and jobs.

During the period under review, your Company has spent Rs.1.40 crores towards CSR activities. Our objective is to contribute towards societal growth by promoting education, hygiene & sanitation, preventive health care, and supporting the economically weaker section of the society on unnoticed health topics like Autism, HIV Aids, Cancer, TB etc.

Opportunities

India is the fourth largest player in the Automobile Industry trailing China, US and Japan. Even though there have been some headwinds plaguing the industry lately, but on the back of growing middle class, good monsoon and fairly good sowing season there is scope for increase in demand in rural and semi-urban areas. Due to COVID, personal mobility is gaining prominence and it comes as an opportunity for Two-wheeler & Passenger vehicle segment. Also, India is preferred for sourcing by global OEMs for its design and manufacturing capabilities at competitive prices.

As a world class engineering company, we are strongly entrenched as a credible supplier to automotive OEMs. Our strong R&D Centre ensures that we provide state-of-the-art solutions and remain committed to developing new products. New expansion and facilities will further help us to consolidate our position. Overall the Company's continuous zeal to strengthen its own internal capabilities and offer sustainable development go a long way in overcoming any short-term environmental challenges & converting them into strengths.

In my speech last year, I spoke about “Mission2K20”, that of achieving a turnover of Rs.2000.00 Crores in the year 2020. While this may not have been possible this year because of the Covid-19 pandemic, but we are working towards this target and are hopeful of achieving this turnover in the year 2021.

Acknowledgements

With these words, I would like to take this opportunity to express our gratitude to all our stakeholders and to 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)