

RICO

RICO AUTO INDUSTRIES LIMITED

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RAIL:SEC:2020

August 29, 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 - 400051 Scrip Code – RICO AUTO
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Sub : Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Material Impact of Covid-19 Pandemic

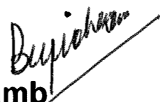
Dear Sir/Madam,

With reference to SEBI Circular No.SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20th May, 2020, regarding advisory on disclosure of material impact of Covid-19 pandemic on listed entities under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the details which are required to be disclosed.

This is for your information and record.

Thanking you,

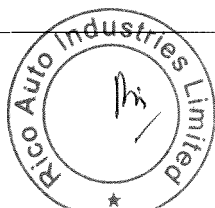
for Rico Auto Industries Limited


B.M. Jhamb
Company Secretary
FCS No. 2446

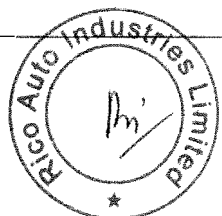
Encl: As above

Disclosure on Impact of Covid-19 Pandemic

S. No.	Particular	Details
1.	Impact of the Covid-19 pandemic on the business	<p>The Company has informed the Stock Exchanges vide letters dated 23rd March, 2020 and 31st March, 2020 for closure of various plants and offices due to nationwide lockdown and further vide various letters in the month of May, 2020 informed about the permission obtained for re-opening of its manufacturing plants and offices.</p> <p>The Covid-19 pandemic has impacted Company's operations during the month of March and upto 26th April, 2020. Subsequent to the permission to operate our manufacturing facilities, we have started operation from 27th April, 2020, to meet the requirements of our domestic as well overseas customers.</p>
2.	Ability to maintain operations including the factories/units/ office spaces functioning and closed down	The Company has restarted operations in all its plants by adhering the safety norms prescribed by Government of India, the respective State Governments and the concerned Local Authorities by 8 th May, 2020.
3.	Schedule, if any, for restarting the operations	The Company supplies High Precision Fully Machined Aluminium and Ferrous Components and Assemblies to the leading Two Wheelers and Four Wheelers Original Equipment Manufacturers (OEMs) and Tier-1 Customers across the Globe; The current volume of two wheelers and four wheelers sales is low and is gradually picking up which has impacted the production volumes and the sales of the Company. In short term, therefore it is expected that manufacturing activity will be below normal.
4.	Steps taken to ensure smooth functioning of operations	<p>The Company has put in place stringent monitoring processes for Covid-19 ensuring the following:</p> <ul style="list-style-type: none"> • Thermal Screening of all employees and visitors • Sanitizing the premises and vehicles on regular basis • Maintenance of social distancing at all work places • Enforcing wearing of masks and regular cleaning of hands • Strictly following the social distancing norms at workplaces, factories, canteens, offices etc. • Regular health updates of all the employees and their families



		<ul style="list-style-type: none"> Promoting awareness through do' and don'ts posters for all its employees Ensuring use of Arogya setu app, All customers and vendors have been communicated about the measures taken by the Company Supply Chain is being monitored to ensure availability of material. Work from home for the employees, wherever possible, was allowed during lockdown period.
5.	Estimation of the future impact of Covid-19 on its operations	<p>Estimating the future impact of this pandemic on the performance of the Company accurately is difficult to assess at the moment. It all depends on the market pick up.</p> <p>Given our strong brand coupled with commitment to customer and suppliers, we are confident to face challenges and to meet the emerging needs of the customers from time to time.</p>
6.	Details of impact of Covid-19 on Listed Entity's:	
i.	Capital and Financial resources	No fresh Equity Capital was raised during this period. The Company didn't borrow any new/fresh loans during this period. However, to meet its future requirement, the Company may borrow in future.
ii.	Profitability	Under the current situation, 1 st half of FY 2020-21 seems under pressure, however, a recovery is expected in 2 nd half to meet the 1 st half shortages.
iii.	Liquidity Position	<p>The Company is also using borrowed funds, accordingly the Company is having interest or debt related obligations.</p> <p>The Company has unutilized sanctioned working capital limits, however if the lockdown gets prolonged or reimposed it may impact liquidity position of the Company.</p>
iv.	Ability to service debt and other financing arrangements	The Company does not foresee any challenge in meeting its financial/other obligations.
v.	Assets	Based on our internal assessment, currently the Company does not foresee any challenge in recoverability of its major assets.
vi.	Internal financial reporting and control	There is no impact of Covid-19 pandemic on the Internal Financial Controls of the Company. Wherever there was a challenge, suitable alternative of way of working has been established to ensure that all controls are in place.



vii.	Supply chain	<p>Exports: The Company is witnessing the shortage of ships coming into sea ports and more lead time to reach US and Europe thus increasing costs, many times we need to pay premium freights and Air freights to meet the customers deliveries which impact the cash flows.</p> <p>Domestic: Some of our customers and suppliers in Pune and Chennai area are also affected resulting in direct impact on us.</p>
viii.	Demand for its products/services	<p>The overall demand is ramping up for both domestic and exports. There are some customers in Maharashtra and Tamil Nadu which have closed their plants due to Covid-19 cases.</p> <p>In the countries like Brazil where there is high effect of Covid-19, demand is muted.</p>
ix.	Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity's business;	<p>The Covid-19 pandemic falls under Force Majeure. Most of our customers too have faced the same issues in their respective countries. We have clearly informed them based on Central Government and State Notifications for lockdown on timely basis. Thus, we feel it should not have any adverse impact due to contractual obligations arising therefrom. Except to meet the Customers supply need we will need to Air Lift the components at very expensive rates.</p>
x.	Other relevant material updates about the listed entity's business	<p>To conserve cash and in the interest of Company's sustainability, the Promoter Directors have renounced the whole remuneration for the Q1 of FY 2020-21 and 35% of remuneration for the rest of period during the FY 2020-21 in addition to the commission for the FY 2019-20.</p>

