

RAIL:SEC:2017

September 22, 2017

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 34th Annual General Meeting – 22nd September, 2017

Dear Sir/Madam,

We wish to inform you that pursuant to Regulation 30 of SEBI (LODR) Regulations, 2015, the 34th Annual General Meeting (AGM) of the Company was held today i.e. on 22nd September, 2017 at 12.00 Noon at the Registered Office of the Company at 38 KM Stone, Delhi-Jaipur Highway, Gurugram - 122001 (Haryana).

We are enclosing herewith the copies of Proceedings and Chairman's Speech.

We request you to kindly take the same on records.

Thanking you,

Yours faithfully,
for Rico Auto Industries Limited


B.M. Jhamb
Company Secretary
FCS : 2446

Encl : As above

**SUMMARY OF PROCEEDING OF THE 34TH ANNUAL GENERAL MEETING
OF RICO AUTO INDUSTRIES LIMITED**

The 34th Annual General Meeting (AGM) of the members of the Company was held on Friday, 22nd day of September, 2017 at 12.00 Noon at the Registered Office of the Company at 38 K.M Stone, Delhi-Jaipur Highway, Gurugram - 122001, Haryana.

Shri Arvind Kapur, Chairman, CEO & Managing Director chaired the Meeting. He welcomed the members. 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 and Member of Nomination and Remuneration Committee, was present at the meeting. The other Directors present were Shri Arun Kapur, Shri Rakesh Kapur and Smt Upasna Kapur. The remaining Directors, 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 AGM and Directors' Report were taken as read. Shri B.M. Jhamb, Company Secretary read the Auditor's Report.

The copies of the Chairman's speech were circulated amongst the members present at the meeting. The members were briefed about the financial performance, overall business review and future outlook of the Company. Thereafter, the members were invited to ask questions and seek clarifications. The Chairman responded to the questions raised.

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 Tuesday, 19th September, 2017 ((9:00 a.m. IST) to Thursday, 21st September, 2017 (5.00 p.m. IST). Those members who had not exercised their votes through remote e-voting process, the facility to vote through Ballot Paper was made available to the members present at AGM venue. The following items were transacted at the meeting through polling by Ballot Paper:

ORDINARY BUSINESS

1. Adoption of the Audited Financial Standalone & Consolidated Statements for the year ended 31st March, 2017, together with the reports of the Board of Directors and Auditors thereon.

Arvind Kapur

2. Declaration of dividend of Re.0.75 per equity share for the financial year ended 31st March, 2017.
3. Re-appointment of Shri Rakesh Kapur (DIN: 00100359), Director who retires by rotation and being eligible, offers himself for re-appointment.
4. Appointment of Statutory Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

5. Ratification of the remuneration of Cost Auditors for the financial year 2017-18.
6. Approval of Related Party Transactions.
7. Approval of payment of Remuneration to Shri Arvind Kapur (DIN:00096308) Chairman, CEO & Managing Director of the Company.

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 and voting at the AGM in a fair and transparent manner.

The Chairman announced that the combined results of the e-voting and poll 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 Stock Exchanges, where the equity shares of the company are listed. Further, a copy of the results shall also be placed on the Notice Board at the Registered Office of the Company.

The Chairman then thanked the members present and declared the meeting as closed. The meeting concluded at 12.50 p.m. with a vote of thanks to the Chair.

Thanking you,

Yours faithfully,
for Rico Auto Industries Limited



B.M Jhamb
Company Secretary
FCS: 2446

RICO AUTO INDUSTRIES LIMITED

CIN: L34300HR1983PLC023187

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CHAIRMAN'S SPEECH

(Statement of the Chairman at the 34th Annual General Meeting of the Company held on Friday, the 22nd day of September, 2017)

Dear Shareholders,

Good afternoon. At the outset, let me extend a warm welcome to all of you to the 34th Annual General Meeting of your Company. I would like to acknowledge the support that you have extended to your Company at all times, which is deeply appreciated.

The Annual Report for the year ended 31st March, 2017, the Directors' Report and the Audited Accounts of the Company have been shared with you. With your permission, I take them as read.

The reporting year was a period of consolidation and growth, fuelled by the macro economics headwinds. India continued to be the fastest growing major economy in the world which recorded a growth of 7.1% in FY2017. Going ahead, the economy is expected to grow in the range of 6.8%–7.5% in FY2018.

As far as the Indian Automobile Industry goes, the production of vehicles grew by 5.4% on an average in FY 2017. This growth was led by the passenger vehicles segment that recorded a growth of 9.2%, followed by two wheeler sales that stood at a growth percentage of 6.9, while commercial vehicles grew at 4.2% and three wheeler sales recorded a negative growth of 4.9%.

The domestic automotive industry is expected to witness robust growth fuelled by the Central Government's impetus to increase investment in road infrastructure and in the upliftment of rural areas. Overall a stable government framework, increased purchasing power, large domestic market, and an ever-increasing development in infrastructure are all positive growth indicators. As a result of these factors, the Indian Auto Component industry is expected to register a growth of 8-10% in FY 2017-18. The turnover of Indian Auto Components Industry is expected to reach USD 115 Billion by 2021 and it is set to become the third largest in the world by 2025.

Our Hon'ble Prime Minister's Vision of "Make in India" and "Ease of Doing Business" has started yielding positive results. FDI has gone up exponentially and several Companies representing wide range of sectors from Defence to Electronics are actively exploring possibilities of either expanding or establishing manufacturing facilities in India

for India & for the World. This should result in favorable demand trend for Indian automobile and auto component industry. Your Company is well poised to leverage this increase in demand to enhance its growth and augment shareholder value.

Based on Government of India vision to have majority Electric Vehicles (EVs) in India by 2030, there will be added pressure on the OEMs for development of EVs, which may result in new joint ventures & technical arrangements between industry players. Over the next decade this will lead to newer verticals and opportunities for the auto component manufacturers who would need to adapt to the changes via systematic research and development.

To maintain the growth momentum it is the constant endeavor of your Company to look for opportunities that cater to the domestic and export markets. Based on the improvement in the business scenario and strategic initiatives taken by your Company the revenues are expected to grow by about 15% in 2017-18.

Keeping an eye on the future, we have also taken steps to enter into the EV powertrain parts and some other products such as Turbo Manifolds, Structural Parts etc. We are also developing new clutches and Continuously Variable Transmission (CVT) for two wheeler parts. We expect export to grow, based on increased demand on some of the running programs and launch of new programs.

Operations

We continued to deliver innovative products to our customers and drive performance. I am happy to report that the Consolidated Turnover of Rico Auto Group stood at Rs.1092 crores, an increase of 7%. This in turn, resulted in a 17.1% growth in EBIDTA from Rs.108 crores in the previous fiscal to Rs.127 crores in the fiscal under consideration. Profit after tax recorded an increase of 63.6% from Rs.30 crores in 2015-16 to Rs.49 crores in 2016-17. The Consolidated EPS also grew by 64% to Rs.3.6 per share while the net worth stood at Rs.519 crores.

The Board of Directors of your Company have recommended a Dividend of 75% i.e. Re.0.75 per Equity Share of Re.1/- each for the financial year ended 31st March 2017 subject to your approval. The total outgo on account of dividend including tax on dividend will be Rs.12 crores as against Rs.10 crores in the previous year on the same Equity Share Capital.

The Unaudited Financial Results of the Company for the first quarter of the current year ended 30th June, 2017, which have already been announced are encouraging and show a growth trend in keeping with the macro economic variables. Your Company has shown a Consolidated Turnover of Rs.299 crores for the first quarter of the current year against a turnover of Rs.285 crores in the corresponding quarter of the previous year. The year will witness a steadfast focus on improvement in productivity along with an increase of client base, efficient utilization of assets, as well as compliance with lean manufacturing practices along with a de-risked business model.

Exports

Exports are a core focus area for your Company. The FY 2016-17 saw prestigious clients like Renault being added to your Company's portfolio. Your Company is also focusing on building infrastructure and capacity to further improve its segment competitiveness.

Your Company recorded export of Rs.255 crores as against Rs.249 crores in the previous year. The Export Turnover includes sales to OEMs through our Wholly Owned Subsidiaries amounting to Rs.199 crores as against Rs.186 crores in the previous year.

During the quarter ended 30th June, 2017 of current year, Export Turnover was Rs.64 crores as against Rs.69 crores in the corresponding quarter of the previous.

Expansions

It is the core focus of your Company to look at capacity utilization as well as to acquire new technologies to enhance productivity.

To this end our Bawal Plant has been set up for High Tonnage High Pressure Die Casting work with state-of-art- facility with full Automation, control and High Precision Machines for Auto Parts and assembly. Your Company is now gearing up for production of higher volumes for our esteemed customers.

The Company has set up a manufacturing plant at Chennai for supply of Machined Aluminium Auto Components to Renault – Nissan. At present, the plant has installed capacity of 1,50,000 sets per annum for making Engine Parts which includes Fully Automatic Cylinder Blocks Die Casting Line. The Ramp up is taking place and plant would start running on full capacity by the 3rd quarter of this financial year.

The Company has laid foundation stone of a new plant for manufacturing Auto Components at Pathredi, Bhiwadi (Rajasthan) in last year. Your Company is expected to start commercial production at this plant during the next financial year.

Subsidiary Companies and Joint Venture (JV)

Your Company has four Wholly Owned Subsidiaries (including two overseas subsidiaries), one Subsidiary Company and three Step-down Subsidiary Companies. There was no material change in the nature of the business of any Subsidiary Company. The Company's Subsidiaries and JV are showing a steady growth and are expected to be contributing to the Company's profits in a significant manner. A detailed report of the financial performance is provided in the Annual Report for FY 2017.

Scheme of Amalgamation

Uttarakhand Automotives Limited, the Wholly Owned Subsidiary is in the process of being merged with your Company. Your approval has already been obtained by way of

Postal Ballot on 1st February, 2017. At present, the matter is pending for hearing on 12th October, 2017 with Hon'ble National Company Law Tribunal (NCLT) at Chandigarh.

Corporate Social Responsibility

Your Company is committed towards contributing to developing the Social Infrastructure around the Company's plants. To this end your company is promoting education, hygiene, sanitation and supporting rural development, providing preventing health care and enhancing environmental sustainability.

During the period under review, your Company has spent Rs.0.48 Crore towards the CSR activities as specified in the CSR Policy.

Future Outlook

Global Auto industry continues to face slow demand. It is also witnessing a historical shift in technological developments. Over the next decade, Electric Vehicle penetration, internet-enabled car technologies and autonomous vehicles are set to trigger the next revolution in the auto industry. The Indian Automobile Industry is expected to grow on the back of improvement in economic climate. Your Company is fully equipped to take advantage of this changing economic climate to generate value.

The Company is also fully aware of the risks and challenges going forward and is working to broaden the product portfolio, increase our customer profile and geographic reach.

Acknowledgements

I would like to take this opportunity to express our gratitude to all our stakeholders, to our customers for their continued trust in us, to our collaborators for helping us support our customers, to our employees and teams, who work with unmatched passion and focus.

We would also like to thank all local, state and national governments, the concerned bodies, and the banks and financial institutions in all countries in which we operate, for their strong support. Last but not the least, to you, our shareholders, for your unwavering belief in us.

CHAIRMAN

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