

**RICO AUTO INDUSTRIES LIMITED**

REGD. & CORP. OFFICE : 38 K.M. 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:2018

September 29, 2018

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 35th Annual General Meeting – 29th September, 2018**

Dear Sir/Madam,

We wish to inform you that pursuant to Regulation 30 of SEBI (LODR) Regulations, 2015, the 35th Annual General Meeting (AGM) of the Company was held today i.e. on 29th September, 2018 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 35TH ANNUAL GENERAL MEETING OF RICO AUTO INDUSTRIES LIMITED

The 35th Annual General Meeting (AGM) of the members of the Company was held on Saturday, 29th day of September, 2018 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 Wednesday, 26th September, 2018 (9.00 a.m. IST) and ends on Friday, 28th September, 2018 (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 poll by Ballot Paper:

ORDINARY BUSINESS

1. Adoption of Audited Standalone and Consolidated Financial Statements for the year ended 31st March, 2018 including the Reports of Directors' and Auditors' thereon.



2. Confirmation of payment of 40% Interim Dividend i.e. ₹0.40 (Forty paise) per Equity Share of ₹1/- each already paid and declaration of 40% Final Dividend i.e. ₹0.40 (Forty paise) per Equity Share of ₹1/- each on Equity Shares for the financial year ended 31st March, 2018.
3. Appointment of a Director in place of Smt. Upasna Kapur (DIN: 00327461), who retires by rotation and being eligible, offers herself for re-appointment.

SPECIAL BUSINESS

4. Ratification of Remuneration of Cost Auditors, M/s. J.K. Kabra & Co., Cost Accountants (Firm Registration No. 000009) for the financial year 2018-19.
5. Approval of Related Party Transactions for the financial year 2018-19.
6. Approval of increase in payment of Commission to Non-Executive Directors from ₹70.00 Lakhs to ₹1.00 Crore w.e.f. 1st April, 2018 for remaining two years upto the financial year ending 31st March, 2020.
7. Approval of payment of remuneration to Shri Arun Kapur (DIN: 00100270), Joint Managing Director for remaining tenure of his service w.e.f. 1st April, 2018 to 1st May, 2020.

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 1.20 p.m. with a vote of thanks to the Chair.

Thanking you,

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

Bijeshan
B.M Jhamb
Company Secretary
FCS: 2446



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CHAIRMAN'S SPEECH

Rico continues to be a preferred supplier to OEMs

(Statement of the Chairman at the 35th Annual General Meeting of the Company held on Saturday, the 29th day of September, 2018)

Dear Shareholders,

Good afternoon. It gives me great pleasure to welcome you all to the 35th Annual General Meeting of your Company. Thank you not just for your presence but also for your continued support and goodwill that is imperative for the success of Rico Auto.

The Annual Report for the year ended 31st March, 2018, the Directors' Report and the Audited Accounts of the Company have been shared with you. With your permission, I take them as read.

Sector and Industry Updates

It is a moment of great pride for all of us as India has risen to become the world's sixth largest economy, pushing France into seventh place, as per the World Bank figures for 2017. While during the financial year 2017-18, the country recorded a growth rate of 6.7 per cent, it is set to be the fastest growing economy in the world with an expected growth rate of 7.4 per cent in 2018 and 7.8 percent in 2019. In fact we are projected to find place amongst the top three economies within the next 10-15 years.

In keeping with the overall economic scenario, the Indian Automobile Industry has recorded encouraging growth in the financial year 2017-18. Passenger Vehicles recorded sales of 3.3 million units touching an all-time high of 7.9 per cent domestic growth while two wheelers registered their highest ever production with 23 million units being rolled out with 15.4 per cent growth. Commercial Vehicles too created a new sales record of 8.6 lakhs units with 20 per cent growth while three-wheelers registered the highest sales ever at 6.4 lakhs units with 24 per cent growth. The Indian Auto Industry has not only recorded double digit growth in fiscal 2017-18 but has also overtaken Germany as the fourth largest global automotive market.

A buoyant end-user market, improved consumer sentiment and the return of adequate liquidity have given a boost to the auto component industry. After-market sales has also contributed significantly to the overall growth of automobile industry.

Your Company has leveraged this increase in demand to enhance its growth and augment stakeholder value. Having entered the two-wheeler after market segment in 2017 after the announcement of the GST, your Company has achieved a turnover of Rs.10 crores in the first year. This was followed by the Company's entry into the four-wheeler after market segment in 2018 with an optimistic target of achieving sales of over Rs.100 crores by 2020. To achieve this target your Company has established a strong net work of 42 dealers and distributors across 22 states in India while also marking a footprint in Nepal and Sri Lanka. Your Company is further taking several steps including strengthening the market development programs, enhancing the product portfolio based on customer feedback and also strengthening the supply chain and overall quality control. We strongly believe these growth drivers will not only help to achieve the set target but to exceed it.

Operations

Your Company has taken several steps over the last year to improve its cost structure and rationalize/re-structure its loss making activities at its Dharuhera Plant. At the same time efforts are being made to record growth in the business of the Company, which have resulted in an increase in the consolidated net revenue in the financial year 2017-18 by 17 per cent taking the figure up to Rs.1227 crores. The Company's PBIDT stood at Rs.150 crores compared to Rs.128 crores in the previous fiscal. PAT increased to Rs.58 crores in the financial year 2017-18 up from Rs.52 crores last year while Net Worth increased to Rs.563 crores in the financial year 2017-18 up from Rs.524 crores in the previous year.

Given these growth parameters, the Board of Directors of your Company have recommended a Final Dividend of 40 per cent i.e. Re.0.40 per Equity Share of Re.1/- each in addition to an Interim Dividend of 40 per cent i.e. Re.0.40 per Equity Share of Re.1/- each declared in the month of February, 2018 aggregating to a total dividend of 80 per cent, for the financial year ended 31st March, 2018 against 75 per cent 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, 2018, 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.349 crores for the first quarter of the current year against a turnover of Rs.274 crores in the corresponding quarter of the previous year. Profit after Tax recorded an increase of 8 per cent to Rs.15.24 crores in the first quarter ended 30th June, 2018 over the corresponding quarter of the previous year.

We would like to thank our prestigious customers - Hero, Maruti, BMW, Renault, Toyota, Honda, Cummins and others who have contributed to the growth of the Company. The year will further 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.

We firmly believe that we are taking confident strides towards “Mission 2K20” that of achieving a turnover of Rs.2000 crores in the year 2020.

Exports

Exports are a core focus area for your Company. The FY 2017-18 saw expansion in our client base, with industry giants like KIA, Punch Powertrain, PSA, Daimler being added to your Company’s customer list. Your Company is focusing 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.

Given these measures, your Company recorded export figures of Rs.269 crores as against Rs.254 crores in the previous year.

During the quarter ended 30th June, 2018 of current year, Export Turnover stood at Rs.84 crores as against Rs.64 crores in the corresponding quarter of the previous year.

Expansions

It is the core focus of your Company to look at capacity utilization as well as to acquire new technologies to enhance productivity. Your Company is now gearing up for production of higher volumes for our esteemed customers at the following plants:

Bawal Plant : This plant has been set up for High-Tonnage High-Pressure Die Casting production with state-of-the-art facility having a high level of Automation, Quality Control and Precision Machining for critical Parts and Assemblies. This plant caters to the requirements of our esteemed customers namely BMW, GKN, Renault, PSA, Cummins and Eaton. The Company has also added new customers like Daimler and Punch Powertrain. The production lines for these new customers will start in the 4th quarter of this financial year.

Chennai Plant : This Plant was commissioned and started commercial production in 2016. At present, the plant has installed capacity of 1,50,000 sets for cylinder block and over 3,00,000 sets of other components like Oil Pan, Timing cases etc., which are under production. This plant caters to our customer namely Renault-Nissan while we have also added KIA Motor and PSA-Avtec to our growing customer list, and production will start in the 4th quarter of this financial year for the new customers.

Your Company is also targeting other south based customers for domestic and export programs to further enhance the business from this Plant.

Your Company has also been focusing on tapping the vast opportunities in manufacturing components of Electric Vehicles (EVs). To meet this futuristic demand, the Company is all set to invest in new technology adoption. The Company has also been nominated by global clients for production of critical components for their new electric vehicle programs.

Subsidiary Companies and Joint Venture (JV)

Your Company has three 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 in the fiscal. The Company's Subsidiaries and JVs 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 the financial year 2017-18.

Scheme of Amalgamation

As stated last year, Uttarakhand Automotives Limited, the Wholly Owned Subsidiary was in the process of being merged with your Company. With the receipt of approval from Hon'ble National Company Law Tribunal (NCLT), Chandigarh in the month of January, 2018, the process has now been completed.

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 as well as enhancing environmental sustainability.

During the period under review, your Company has spent Rs.0.32 crore towards the CSR activities as specified in the CSR Policy.

Future Outlook

The Indian Auto Industry is gearing up towards a very exciting phase. The positive outlook is led by multiple factors such as rising prosperity and increasing affordability of privately owned vehicles. On the one hand, while IC Engine Vehicles continue to show sustained growth, electric mobility is emerging as the new buzzword in transportation. Market estimates reveal that electric vehicles are projected to reach around 15 per cent by 2030, by which time the total Passenger Vehicle Market is also expected to grow to 10 million per year.

The automotive aftermarket is also showing great potential with the market size estimated to reach US\$ 16.5 billion by 2021, up from US\$ 7 billion in 2016. Going forward, Electric Vehicle Components and Exports are likely to be the strong growth drivers for your Company.

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.

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, banks and financial institutions in all countries in which we operate, for their strong support. Last but definitely 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)