

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

July 26, 2021

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 of Scheme of Amalgamation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/Madam,

We wish to inform you that on the recommendation of Audit Committee, the Board of Directors of the Company in its meeting held on 26th July, 2021, have considered and approved the Scheme of Amalgamation ("**Scheme**") for merger of Wholly Owned subsidiary Companies namely (1) Rasa Autocom Limited (RASA); (2) Rico Aluminium and Ferrous Auto Components Limited (RAFA); and (3) Rico Investments Limited (RIL) with and into itself, pursuant to Sections 230 to 232 of the Companies Act, 2013. RIL, is wholly owned subsidiary of the Company and RAFA & RASA are wholly owned subsidiaries of RIL and step-down wholly owned subsidiaries of the Company.

The Scheme is subject to necessary statutory and regulatory approvals including the approvals of National Company Law Tribunal, the shareholders and creditors of each of the Companies.

Pursuant to Regulation 30 of SEBI (LODR) Regulations, 2015 read with SEBI Circular No.CIR/CFD/CMD/4/2015 dated 9th September, 2015, please find enclosed requisite details pertaining to aforesaid proposed Scheme of Amalgamation.

This is for your information and record.

Thanking you,

Yours faithfully,
for Rico Auto Industries Limited


B.M. Jhamb
Company Secretary
FCS No. 2446

Encl : As above

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Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

1. Name of the entity(ies) forming part of the amalgamation/merger, details in brief such as, size, turnover etc.

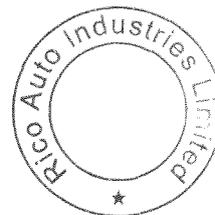
1.1 Details of Transferor Companies:

- a) M/s. RASA Autocom Limited (RASA) (CIN: U74120HR2007PLC037192) or Transferor Company-1, a Public Company incorporated under the Companies Act, 1956 and having its Registered Office at 38 K.M Stone, Delhi-Jaipur Highway, Gurugram-122001, Haryana.
- b) M/s. Rico Aluminium and Ferrous Auto Components Limited (RAFA) (CIN: U34300HR2008PLC037956) or Transferor Company-2, a Company incorporated under the Companies Act, 1956 and having its Registered Office at 38 K.M Stone, Delhi-Jaipur Highway, Gurugram-122001, Haryana.
- c) M/s. Rico Investments Limited (RIL) (CIN: U65923HR2015PLC054211) or Transferor Company-3, is a Public Limited Company incorporated under the Companies, 2013 and having its Registered Office at 38 K.M Stone, Delhi-Jaipur Highway, Gurugram - 122001, Haryana.

RIL is wholly owned subsidiary and RASA and RAFA are wholly owned step-down subsidiaries of M/s. Rico Auto Industries Limited. None of these are listed on any stock exchange in India or abroad.

1.2 Details of Transferee Company:

M/s. Rico Auto Industries Limited (Rico Auto) (CIN : L34300HR1983PLC023187), is a Public Limited Company incorporated under the Companies Act, 1956 and having its Registered and Corporate office at 38 K.M Stone, Delhi-Jaipur Highway, Gurugram - 122001, Haryana. The equity shares of the Transferee Company are listed on the BSE Limited and the National Stock Exchange of India Limited.



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1.3 Details of net worth and revenue of the Transferee Company and the Transferor Companies

(Rs. in Crores)

Name of Companies	Net worth	Total Revenue
	As at March 31, 2021	
Transferor Companies		
Rico Investments Limited	122.45	4.69
RASA Autocom Limited	28.08	55.26
Rico Aluminium and Ferrous Auto Components Limited	27.72	171.57
Transferee Company		
Rico Auto Industries Limited	578.40	1304.70

2. Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arm's length"

Proposed Scheme of Amalgamation is between wholly Owned subsidiary Companies and Holding Company. The proposed amalgamation does not fall within the purview of related party transaction in terms of Circular No. 30/2014 dated 17th July, 2014 issued by the Ministry of Corporate Affairs. Further, pursuant to Regulation 23(5)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the related party provisions are not applicable to the proposed Scheme.

3. Area of business of the entity(ies)

- a) M/s. RASA Autocom Limited (Transferor Company-1) was engaged in manufacturing of auto components such as aluminium die casting auto parts, clutch outer, manifold etc., and also earns income from rental and investments. Manufacturing plant was already sold to Rico Auto.
- b) M/s. Rico Aluminium and Ferrous Auto Components Limited (Transferor Company-2) is engaged in manufacturing of ferrous die casting auto components for transmission and engine such as case differential, fly wheel, ground sleeve and shaft, retainer bearing etc., which supports business of the Transferee Company i.e. Rico Auto.
- c) M/s. Rico Investments Limited (Transferor Company-3) is a Core Investments Company (CIC), having investment in Group Companies, by way of equity and loans. RIL is wholly owned subsidiary of Rico Auto. RASA and RAFA are wholly owned subsidiaries of RIL.

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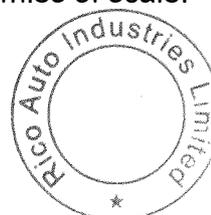
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d) M/s. Rico Auto Industries Limited (Transferee Company) is engaged in manufacturing of auto components for four-wheelers and two-wheelers such as engine housings, crank housings, transmission parts rear and front wheel hubs, clutches, brake systems, etc.

4. Rationale for Amalgamation/Merger

- 4.1 The Transferor Company-1 is engaged in manufacturing of auto components such as aluminium die casting auto parts, clutch outer, manifold etc., and also earns income from rental and investments. Whereas the Transferor Company-2 is engaged in manufacturing of auto components such as ferrous die casting parts for transmission and engine such as case differential, fly wheel, ground sleeve and shaft, retainer bearing case etc., which supports business of the Transferee Company. The Transferor Company-3 is a Core Investment Company having investment in the shares of Group Companies engaged in manufacturing auto components and is the Holding Company of Transferor Companies - 1 and 2. The Transferee Company is a Listed Company engaged in manufacturing of auto components two-wheelers and four-wheelers such as rear and front wheel hubs, clutches, brake systems, engine housings, crank housings, and transmission parts etc. Accordingly, to leverage the existing strength and capabilities of group entities engaged in similar businesses, to have optimized legal structure of the group with elimination of multiple legal entities, it is proposed to amalgamate the above Transferor Companies with their existing business activities into the Transferee Company.
- 4.2 With the proposed amalgamation, the merged entity, i.e., the Transferee Company will be able to combine infrastructural facilities such as space, land, plant & machinery, etc., and optimally utilize the same and house substantial manufacturing in a single combined entity for proposed business expansion unlocking growth potential.
- 4.3 On amalgamation, the combined entity would have improved financial health and better ability to also raise finances with the larger asset base and customer network to boost its future growth.
- 4.4 With the proposed amalgamation, the combined entity will overcome operational and production constraints including availability of workforce/employees, expertise and supervision, other common resources, etc., being faced by the industry as such and more from the impact due to Covid-19 pandemic which may last for long.
- 4.5 The amalgamation would result in significant reduction in multiplicity of legal and regulatory compliances, multiple record-keeping and cost saving by way of reduction of overheads, administrative, managerial and other expenditure.
- 4.6 The amalgamation would result in improved competitive position of the Transferee Company as a combined entity and achieving economies of scale.



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- 4.7 Structured, sharper and better management focusing on holistic growth of the businesses could be achieved by the proposed amalgamation.
- 4.8 Concentrated effort and focus by the management to grow the business by eliminating duplicative communication and burdensome co-ordination efforts across multiple entities.
5. **In case of cash consideration – amount or otherwise share exchange ratio**

Not applicable.

There is no cash consideration involved. All Transferor Companies are wholly owned subsidiary of the Transferee Company, therefore, no new equity shares shall be issued and the entire Paid-up Share Capital of the Transferor Companies shall be cancelled and extinguished.

6. **Brief details of change in shareholding pattern (if any) of listed entity**

Not applicable, since there will be no issue of shares, therefore, there will be no change in the shareholding pattern of the Transferee Company pursuant to the Scheme becoming effective.

