

Rico Auto Industries

14 August 2026

Operator: Ladies and gentlemen, good afternoon and welcome to Rico Auto Industries Ltd. Q1 FY27 earnings conference call. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. This conference call may contain forward-looking statements about the company, which are based on the company's beliefs, opinions, and expectations as of the date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. From the management team, we have with us today Mr. Arvind Kapur, Chairman, CEO and Managing Director; Mr. R.K. Miglani, Executive Director; Mr. Kaushalendra Verma, Executive Director; and Mr. Naveen Saurabh, Chief Financial Officer. I now hand the conference over to Mr. Kaushalendra Verma, Executive Director of Rico Auto Industries Ltd. Thank you, and over to you, sir.

Kaushalendra Verma – Executive Director: Thank you. Good evening, everyone, and thank you for joining us for the Q1 FY27 earnings conference call of Rico Auto Industries Ltd. I hope that you have had the opportunity to review our financial results and the investor presentation, which are available on the stock exchanges and also on the company's website.

I would like to start by giving a brief overview of the company, the industry, and the company's performance, after which Mr. Naveen will brief you on the operational and financial highlights for the quarter.

The global economy continues to remain resilient, although geopolitical developments, commodity price volatility, and changes in global trade continue to create uncertainty. At the same time, the ongoing restructuring of global supply chains is creating opportunities for manufacturing economies that can offer scale, quality, and localization.

Coming to the automotive industry, the environment remains constructive. Q1 FY27 saw strong production momentum, while the industry continues to undergo a structural shift towards hybridization, electrification, hybridization, and greater localization. This continues to create opportunities for Indian component manufacturers, particularly as global OEMs diversify their sourcing and find reliable manufacturing partners.

Against this backdrop, Rico delivered its highest-ever quarterly revenue during Q1 FY27, reflecting continued momentum across our core automotive businesses. Our businesses continue to participate across IC engine, hybrid, and EV platforms, with new programs at different stages of development and ramp-up. There are around 55 new programs at the launch stage, out of which 28 programs have already been launched and are in the ramp-up stage. These are long-term programs for Toyota, Ford, and BMW, with a program life of more than 7–8 years. All these programs are highly profitable, and we are the single-source supplier for all these programs.

Our focus remains on flawless execution of these programs and progressively scaling them up as per the customer ramp-up plan.

During the quarter, profitability was impacted by elevated cost pressure, with the raw material price settlement lag being a key factor. We also saw elevated freight costs, particularly air freight, due to

Report is AI-generated and may contain inaccuracies.

Rico Auto Industries

14 August 2026

disruptions in global shipping routes and an increase in ocean freight transit time from 5 weeks to 9 weeks. This led to greater reliance on air shipments to maintain supply continuity. We are actively working and discussing with our customers to pass through some of these costs.

Our new plant at Hosur is progressing as planned and is expected to commence commercial production in September 2026. This facility will support our hybrid- and EV-related programs with key OEMs.

Alongside our core automotive business, we continue to develop our presence across adjacent sectors. Our railway and defense businesses are progressing, supported by increasing localization, infrastructure investments, and the government's focus on self-reliant India.

In railways, RDSO approvals are progressing and supplies have started. We expect these businesses to develop progressively and add to the diversification of our business.

Looking ahead, our revenue outlook remains unchanged, and we continue to work towards our previously stated target of around 3,000 crores this year. We are confident that we will surpass this and achieve revenue of more than 3,200 crores in FY27.

While the current cost pressure and the timing of customer settlements are likely to keep margins under pressure in the near term, our focus continues to remain on improving operating efficiency, progressing the price settlements, and driving the ramp-up of new programs. We remain confident that we will exit the current year near our targeted full-year margins through customer price revisions and continued improvement in operating efficiency.

With this, I would now like to hand over to our CFO, Mr. Naveen Saurabh, to take you through the financial performance. Thank you.

Naveen Saurabh – CFO: Thank you, sir. Let me now take you through the performance for the quarter and provide some perspective on the key drivers of profitability.

We delivered strong revenue growth during Q1 FY27. Consolidated revenue stood at 755 crores compared to 543 crores in Q1 FY26, reflecting growth of around 39%. EBITDA for the quarter stood at 34.8 crores, translating into an EBITDA margin of 4.6%. PAT stood at a loss of 3.4 crores compared with a profit of 16.7 crores in the corresponding quarter last year.

From a segment perspective, aluminum casting continued to be the principal contributor, accounting for 89% of consolidated revenue, while ferrous casting contributed the remaining 11%. Exports accounted for almost 15% of our total revenue during the quarter.

While the underlying revenue performance remained robust, profitability during the quarter was impacted by elevated operating costs and certain temporary cost pressures, as already highlighted by Mr. Verma. Other operating expenses were higher by approximately 24 crores, primarily due to air freight and sorting costs, which were around 13 crores, along with inflationary pressures across manpower, power, fuel and gas, tools, and consumables.

We expect air freight costs to peak in Q2 as inventory levels reach the desired position. Thereafter, the temporary requirement for air shipments is expected to cease, with shipments progressively

Report is AI-generated and may contain inaccuracies.

Rico Auto Industries

14 August 2026

returning to the normal sea freight cycle from Q3 onwards.

Profitability was also impacted by the lag in raw material price settlements. This was particularly relevant for aluminum, where prices increased significantly during the period. The settlement lag resulted in an estimated impact of approximately 10 crores during the quarter.

Importantly, these cost pressures are not structural in nature. We continue to engage actively with our customers for appropriate price revisions and cost pass-throughs. While the timing of these settlements will vary by customer and program, we expect the benefit to be realized progressively over the coming quarters.

At the same time, we are driving productivity, operating efficiency, and cost optimization initiatives across the group to mitigate inflationary pressures and improve execution.

Looking ahead, the cessation of temporary air freight, progressive realization of customer price revisions and cost pass-throughs, together with the benefit from our ongoing efficiency initiatives, are expected to support progressive improvement in profitability from Q3 onwards. Our focus therefore remains firmly on execution, customer settlements, productivity, and disciplined cost management, while continuing to build on the strong revenue momentum and the programs underway.

Operator: Thank you. We are now open to questions. Ladies and gentlemen, we will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question comes from the line of Darshil Jhaveri with Crown Capital. Please go ahead.

Darshil Jhaveri – Crown Capital: Hello. Good evening, sir. Thank you for taking my question. I hope I am audible, sir. I wanted to ask about the freight cost. I think exports account for 15%, right? That would roughly turn out to be, I think, 100 crores plus 120 crores of exports. Freight and air freight costs were higher by 10%. That is something I am trying to reconcile, right? Air freight would only be for exports, right? If exports were such a small amount, then if we had so much air freight, all the export orders would have been loss-making orders for us, right?

Management: Our exports in this quarter were around 10–12%, and this cost is related to that. We need to ship the parts to maintain supply continuity because these are related to the new program launches where we are the single source for the customer.

We had some issues with the quality core, a quality core issue, where we needed to carry out a certain type of correlation in the measurements between the customer and our measuring instrument. That basically put some parts on hold, which will be used in the future, but we needed to maintain supply continuity by continuing to ship parts.

Darshil Jhaveri – Crown Capital: Sir, being the exclusive supplier, did they not provide us with some kind of benefit? Have we received some kind of benefit? I just wanted to understand how we reconcile that with our margins and what we are losing in air freight.

Report is AI-generated and may contain inaccuracies.

Rico Auto Industries

14 August 2026

Management: This air freight is an exceptional situation, mainly because it is taking almost 9 weeks for shipments from India to the US. Earlier, we used to get the goods there in about 5 weeks. Now we have to maintain almost 9 weeks of inventory in transit by sea, plus 1 month of inventory that we are required to maintain there.

Secondly, there were some issues with our correlation as far as measurement is concerned. Those issues have been sorted out, so this is a temporary phase that we had to go through for the new components that we are shipping overseas.

Since the customers are BMW and Toyota, and since we are the single source, our commitment to the customer is to keep their production lines running. That is the reason we had to resort to air freight.

We are negotiating with them, and one of the customers has agreed to pay us the freight, which will be accounted for when we receive it. That is almost 50% of whatever we have already incurred. However, we have not taken that into consideration at the moment because it will come over time.

We are talking to our customers, and this will be resolved. The additional sea freight transit time is impacting our supplies at the moment. The capacity that we built was based on the requirements. All of a sudden, we had to increase our capacity by almost 25–30% so that we could make larger shipments to the US and Europe.

We are doing that and pulling out equipment from wherever possible so that deliveries take place on time and our customers' production lines keep running. We have also built up inventory.

This is a one-time event that has happened, and we are very bullish about exports. The margins are much better, the customers are the best customers one could ask for, and they are very supportive. One of the customers has already agreed, but we are trying to convince the others.

Besides this, the price increases resulting from inflation, the rupee weakening, and the increase in the prices of all other inputs have also been taken up with our overseas as well as domestic customers. These are currently under negotiation. This is over and above the raw material prices that we are discussing.

Darshil Jhaveri – Crown Capital: I wanted to understand this. I think our last call was in June, right? Two months of Q4 would already have passed. I think we had said that we could achieve EBITDA of more than 10%, so we would have known about the situation that was happening, right? Why did we still guide for 10%? I think this is something that people did not like. Could you clarify what the issue was? Did it arise later, or what happened? We would have known about this, right? The war had been going on and the lead time would have increased. So why did we give guidance of 10% EBITDA when we knew there were additional costs, even if we were going to recover them? At that time, this was not stated, right?

Management: The war started and our shipping time increased from 5 weeks to 6 weeks and then 7 weeks, so we were comfortable with the 7-week timeline. Then, all of a sudden, the time increased to 9 weeks. Nine plus 1 is 10 weeks; sometimes it goes up to 10 weeks and sometimes it is 8 weeks. These were factors that we could not factor in.

Report is AI-generated and may contain inaccuracies.

Rico Auto Industries

14 August 2026

Having said that, the customers are talking to us and we are talking to the customers. We had to take these costs into the books at the moment because we do not currently have a purchase order for the additional air freight for these components. When it comes, those costs will be factored in, and that will show as additional profit in the business.

Secondly, we had initial launch issues when we started shipping. With so much material in the sea, when the material arrived there, some rust issues started coming up because it was staying in the sea for a longer period. Normally, in 4–5 weeks, the components are totally protected.

Those issues started appearing, so we had to change our packing and everything. We had to keep the line running because we are the single source. It was a difficult call, but because of our commitment to the customer, we had to make the shipments by air.

Darshil Jhaveri – Crown Capital: This issue is going to continue in Q2, right? So can we see a similar performance in Q2 in terms of margin?

Management: Margins will be better. If I remove all this, we are actually in the region of—currently, in the month of July, our turnover is close to 300 crores. Based on that, we are actually going up to around 3,200–3,300 crores, or close to 3,500 crores. However, we are playing safe and talking about 3,250 crores as our turnover by the end of the year.

We are very excited that we are ramping up and that the business is growing. This is one pitfall we have faced as far as air freight is concerned, and it will be recovered.

There will also be some air freight in Q2, and from Q3 onwards, we should be back to normal. We are hoping and wishing, as we have been for almost the last couple of months, that the war ends, shipping returns to normal, and freight rates also come down.

Management: Darshil, just to add to one of the queries you raised about why we did not pre-inform the market: if you recall, our discussion happened sometime around early June. The major portion of this air freight occurred after that call, particularly during the latter part of June when the situation escalated.

That is how it happened. However, discussions are continuously taking place with the customers. The priority was to stabilize supplies first and then start negotiating with the customers and settling whatever air freight we can settle with them.

Darshil Jhaveri – Crown Capital: I also wanted to ask about Railways and Defence. We had previously guided that Railways could be a 100–crore revenue segment, and we were also trying to enter Defence. What is the development in these segments? Did anything happen in this quarter that you can guide us on?

Management: In Railways, we have submitted our components for inspection so that we can obtain RDSO approval. We are in that cycle, which takes almost 2–3 months before we can receive those permissions. We are in that cycle, and there are new components that will also be submitted to the Railways.

Report is AI-generated and may contain inaccuracies.

Rico Auto Industries

14 August 2026

Indirectly, we are already supplying to various customers who supply to the Railways. However, for the intricate and more profitable components, we want to supply directly to the Railways, and that is the reason we are obtaining RDSO approval.

On the Defence side, as we mentioned earlier, we are making shooting ranges and practice ranges. These are computerized ranges in containers. They could be 40-foot, 60-foot, 20-foot, or 30-foot containers, and they are for training purposes.

That is progressing. We think we could supply around 2 to 200 ranges this year as containers. Besides that, we are also providing consultancy for metal castings in aerospace. That is also happening and progressing well simultaneously.

Darshil Jhaveri – Crown Capital: That is very good to know, sir. I just wanted to ask—

Management: There is progress. It is slow, but it is definitely there.

Operator: Thank you. Ladies and gentlemen, anyone who wishes to ask a question may press star and one. Our next question comes from the line of Sunil Kumar Daga with Sunil Kumar Daga & Co. Please go ahead.

Sunil Kumar Daga: Hi, this is Sunil Kumar Daga. My question is regarding the 15.7% additional cost that has been shown in the public accounts for June.

Management: There are two different questions that you have combined. One is regarding the additional cost on the air freight and sorting side, which was almost 10 crores. That amount went under other expenses and not under raw materials.

If you look at both air freight and sorting, 12.8 crores constituted almost 2.2% of profitability. On the raw material side, if you look at how aluminum has moved up, and compare Q1 of the current year with Q1 of last year for specific grades, the increase is almost 57%.

Even if these increases are passed on to customers, you will find that, in percentage terms, raw material as a percentage of sales will move up.

Sunil Kumar Daga: How do you foresee the future?

Management: Fortunately, aluminum prices are coming down slightly this quarter, and we hope that they continue to decline. However, we do not know what the US decides to do. If they continue with the war, there could be another spike, but at the moment there seems to be some relief.

Sunil Kumar Daga: Might we have done some hedging for aluminum prices?

Management: We do not hedge on the aluminum side because the price is decided by the customers. They are the ones who announce the price, and they are the ones who negotiate with the various vendors for supply. They announce the price.

Sunil Kumar Daga: What is the forecast for Q2, considering that we have already crossed approximately 45 days?

Report is AI-generated and may contain inaccuracies.

Rico Auto Industries

14 August 2026

Management: As I mentioned, in the month of July we achieved almost 300 crores. We are heading for more than 840 crores—how much? 840 crores for Q2.

Sunil Kumar Daga: Can you repeat that?

Management: We will cross 840 crores for Q2. The total therefore comes to approximately 3,250 crores or more. Q3 will cross 840 crores—850 crores—and Q4 will be approximately 900 crores.

Sunil Kumar Daga: This is the revenue number.

Operator: Thank you. Sunil, I request you to please rejoin the queue.

Sunil Kumar Daga: I have not finished. I have some other—

Operator: I request that you rejoin the queue. You have already asked 2 to 3 questions.

Management: Let him finish, please. Let him ask.

Management: Yes, Sunil.

Sunil Kumar Daga: You have shared the projected numbers for Q2, Q3, and Q4. How do you see EBITDA and PAT levels, considering that we have barely achieved more than 20 crores of PAT?

Management: Q2 PAT will be better, but in Q3 it will be back to normal because there will be no premium freight and there will be—

Management: We would have settled the raw materials and also the price increases that we have demanded for labor and other costs from domestic as well as overseas suppliers. We have a certain figure that we have not factored in at all at the moment, but it is a quite substantial figure that we are taking into consideration.

That includes gas, oil, and everything else, as well as carbide and other items.

Sunil Kumar Daga: Okay. Thanks.

Operator: Thank you.

Management: We will surprise you by the end of the year. Despite the air freight component, a portion of which we will claim from the customer, we will stand by our commitment.

Operator: Thank you so much, sir. Our next question comes from the line of Saurabh Jain with Suniti Investments. Please go ahead.

Saurabh Jain – Suniti Investments: Thank you for the opportunity, sir. Before I ask my questions, I have a small clarification. EBITDA margin during the quarter stood at around 4.5–4.7%, and you said that by Q3, assuming things settle down regarding the West Asia crisis, we will return to our trajectory of around 10%. Can we expect Q2 to be somewhere in between?

Management: Yes, it will be in between.

Report is AI-generated and may contain inaccuracies.

Rico Auto Industries

14 August 2026

Saurabh Jain – Suniti Investments: My first question is on growth. You have done very well with 39% growth and have increased your guidance from crossing 3,000 crores to 3,200–3,250 crores for this fiscal. I wanted to know how much of this 39% growth has come from higher metal prices.

Management: I think it is about 150–200 crores in this period, which could be because of higher metal prices. I can share the exact figure with you later, but that component is also there.

Saurabh, if you look at the company's numbers, I can say that the impact of raw materials is almost 100 crores. So, the 581 crores that you are looking at, if we net off that amount and take the same base as Q1 last year, this number would be somewhere around 481 crores on a standalone basis.

On a consolidated basis, you are saying that the impact due to higher metal prices is 100 crores. So, that would be around 650 crores. This is on a standalone basis, so you can increase that 100 crores by another 10–15 crores to arrive at the consolidated number.

Saurabh Jain – Suniti Investments: What would be your capex guidance for FY27 and FY28?

Management: At the moment, we are making investments in the 54 projects that are in hand, but we are also curbing investments. Having said that, after this, I think for 1 year we are going to invest only wherever absolutely necessary. Otherwise, we would like to stabilize and be able to run all the assets at full capacity.

Once we stabilize, we will then look at some larger projects. For now, we will undertake only small expansions and capacity increases for our domestic and overseas customers. That is what we will do at the moment.

After these 54 projects are completed, we will first stabilize and then make further investments.

Saurabh Jain – Suniti Investments: If you could quantify the capex for FY27 and FY28, including maintenance capex and the usual run rate, it would be helpful.

Management: We will share that with you.

Saurabh Jain – Suniti Investments: In the presentation, you have updated slide number 30 on the digital transformation initiatives. Can you provide some more detail? What kind of investments are we making? For the coming years, you have included several points on the slide. In which areas are we going to invest, and how is it likely to play out in terms of profitability?

Management: First, we are learning more and more about AI, and our people are becoming engaged in it. We are looking at how AI can be used to improve productivity.

We have started using it for design and for processing a large amount of information. We are also trying to improve our manufacturing capability, capacity, and productivity on the machining lines.

We are adopting it for the design of dies as well. This is at a nascent stage, but we are in the process of doing it.

We are also connecting all the equipment so that monitoring can be carried out very effectively and the machines can be utilized very efficiently. We have already done this on a couple of lines. Those

Report is AI-generated and may contain inaccuracies.

Rico Auto Industries

14 August 2026

initiatives have been very successful, and we are further trying to improve them.

We will then replicate this across all the lines, with information readily available to us for every line. We will also have information on losses. The advantage we get from this is that productivity improves, and we will be able to control losses and loss of time much more effectively.

Saurabh Jain – Suniti Investments: That is all from my side. I wish you all the best. Thank you.

Management: Thank you.

Operator: Thank you. Our next question comes from the line of Hiten Boricha with Sequent Investments. Please go ahead.

Hiten Boricha – Sequent Investments: Thank you for the opportunity. My first question is on Railways and Defence. Did Railways or Defence contribute anything in Q1?

Management: Yes, both are progressing regularly.

Hiten Boricha – Sequent Investments: If you could share the numbers, because last quarter, I think, you mentioned that it was roughly around 4–5 crores.

Management: We will share the numbers with you.

Hiten Boricha – Sequent Investments: Until then, if you give the numbers, should I ask my second question?

Management: Yes, please carry on.

Hiten Boricha – Sequent Investments: My second question is on the guidance. You mentioned that we are still looking at a 3,200–3,300-crore top line with improving margins. Assuming that we want to achieve a 10% margin for the full year FY27, are you saying that our margin will be better than 10%, such as 11–12%, in H2, which will eventually lead us to an 8–9% margin for the full year?

Management: The 54 projects that GP mentioned we have launched—28 have been launched and others have been launched—definitely have better margins, and those margins are based on current raw material prices. The margins are also calculated accordingly and are much better, and these are the volumes that are actually increasing.

We have also achieved a lot of savings in machining. There has been a cost reduction. We have worked extensively on our rejections, and that is also adding to the overall benefit.

Margins are definitely going to improve. We had mentioned last year that our target was to be around 12%. We will achieve the 12% target.

Unfortunately, the air freight came in because of our commitment to the customers. Since we are the single source, we did not want to let the customers down. That expense was therefore incurred, but we will honestly try to claim whatever we can.

Report is AI-generated and may contain inaccuracies.

Rico Auto Industries

14 August 2026

Approximately 9–10 crores have a certain percentage that has been agreed by the customer. However, there was also a sorting cost relating to rust and other components that occurred in the US. We will have to see how we can reclaim that from the customers, or at least reuse the components by cleaning them and carrying out the necessary work. That is a continuous process.

Hiten Boricha – Sequent Investments: What I am asking is that to achieve a 10% margin for the full year FY27, you will eventually have to achieve a 12–13% margin in the remaining quarters.

Management: Just wait and see.

Hiten Boricha – Sequent Investments: So we are confident on that point.

Management: Yes, we are very confident about what is happening, unless something else happens in Iran or elsewhere. That would not be in our control. However, if the current situation continues, I think we are very confident because, fortunately, the Indian market is also very good.

Hiten Boricha – Sequent Investments: One follow-up on the 54 new projects: if you could share some details about what exactly we are doing with these new customers [inaudible]?

Management: These projects are with our global OEM customers, such as Toyota, BMW, and Ford. Ultimately, our components will be delivered to these OEMs. These are long-term programs, as I mentioned in my opening remarks. The program runs for around 7–8 years. As the MD mentioned, these are programs based on the recent cost structure and have very high profitability.

Hiten Boricha – Sequent Investments: The approvals and everything for these components have already been completed, right?

Management: Could you repeat that?

Hiten Boricha – Sequent Investments: Have the approvals already been completed for these components?

Management: Yes. For the 28 programs that have already reached SOP, all customer approvals and everything else are in place.

Hosur will be adding more components. The project starts from September–October onwards, and we will start production there. Those will be the new launches that will take place there.

There are also launches taking place in Chennai and in North India. Some of these programs are already in the ramp-up phase. Most of the programs we are discussing are already in the ramp-up phase.

The new programs that are going to start are at 3D Power and Hosur. Those will start in September–October and then slowly ramp up. Some are going to start in January, February, and March next year, and they will start ramping up a couple of months later. We are in that cycle at the moment.

Hiten Boricha – Sequent Investments: These components are for ICE as well as EV, right?

Report is AI-generated and may contain inaccuracies.

Rico Auto Industries

14 August 2026

Management: For the Hosur facility, these components are mainly for hybrid and EV applications. In the northern part of India, they are mostly for ICE as well. Ford has ICE, EV, and hybrid applications. So, it is a mix of hybrid, ICE, and EV.

Hiten Boricha – Sequent Investments: Understood.

Management: Okay.

Hiten Boricha – Sequent Investments: You were supposed to provide the revenue number from Defence.

Management: {? Defence has at least today, I've got my nominee sitting in the meeting ?}

Hiten Boricha – Sequent Investments: Understood, no worries, sir. I will take it offline.

Management: I believe it is in the region of about 5–7 crores, but I will provide you with the exact figures.

Hiten Boricha – Sequent Investments: Thank you, sir.

Operator: Thank you. Our next question comes from the line of Bhajan Bafna with Sunidhi Securities. Please go ahead.

Bhajan Bafna – Sunidhi Securities: Congratulations on the strong top-line growth. Of course, the adjusted margins are much better than what they appear to be in the reported numbers.

My questions are going to be more strategic in nature. Over the last 5 years, your top line has increased by almost 600 crores, from 1,900 crores to 2,500 crores, broadly from 2022 to 2026. During that period, we incurred capex of almost 1,000 crores, averaging 200 crores per year.

You have now explained why it took us almost 5 years, during which we incurred capex of 1,000 crores, without being able to grow the top line even by the amount of the capex that we incurred. What is changing in the company now?

We have seen multiple changes, not only on the top-line growth side but also in the margin guidance and in the 3x top-line growth that you are discussing by 2030. There have also been board-level changes, a lot of process optimization, back-to-back SAP implementation, and discussions with customers for price increases.

Can you explain what is changing in the company right now, perhaps after a lull of 5 years, when we are now giving significant growth guidance for the next 4–5 years? Could you outline the broader strategy of management while making these changes on each front? If you could touch upon the broader roadmap, that would be very helpful, sir.

Management: I will give you a very broad picture of what is happening. As you mentioned, the board has changed and everything is happening.

We started focusing on high-tonnage parts. For aluminum die casting, high-tonnage parts mean that we started focusing on machines above 1,000 tonnes, going up to 1,400 tonnes, 1,700 tonnes,

Report is AI-generated and may contain inaccuracies.

Rico Auto Industries

14 August 2026

2,000 tonnes, and 2,700-tonne die-casting machines.

These are expensive pieces of equipment. To give you an example, the basic landed cost of a 2,700-tonne machine is about 25 crores, and there is another 10-15 crores of infrastructure around it.

Management: We have set up the infrastructure for that. We now have 7-8 other machines.

When the machines arrive, each die can cost approximately 8-8.5 crores for this die-casting machine. There is a process of making the dies, setting up the plant, starting production, setting up the equipment and machinery, and setting up the infrastructure for it.

The projects we have taken up are long-term projects. Some of the projects were awarded to us almost 1-2 years ago and are now coming into production. The {? Hosur ?} facility was awarded to us last year, and the facility is now coming into production.

These are projects that the OEMs take up on a long-term basis, but they want a commitment fairly early, at which point the investment also starts taking place. The testing and running of the equipment by the local OEMs takes place well before production begins.

The investment therefore takes place at the initial stage, when the project actually begins. Until then, we only undertake sample making.

All these projects are now coming into focus. The other thing we have done is improve the performance and productivity of the equipment. We have been able to pull out a lot of CNC machines and redeploy them into newer projects and other investments that are taking place now.

We have minimized investment while focusing primarily on the turnover being generated and also on the bottom line. With this, die-casting capacity is now being better utilized, and our iron capacity will also be better utilized. That is also going to have a major impact. You will see this impact this year and next year as well.

Bhajan Bafna – Sunidhi Securities: I remember the earlier days when you were the leader in that area. In the last 4-5 years, or perhaps the last 10 years, although you have incurred good capex, you have lost the position that Rico enjoyed perhaps 10 years ago.

Many other auto ancillary companies that were much smaller than you have grown significantly stronger and larger over the last 10 years or so. I would therefore say that it has been a lost decade for Rico. However, we have built up the capabilities and incurred 1,000 crores of capex.

What kind of numbers can we achieve? You have already provided guidance, but my submission is that without capex, with the 1,000 crores of capex that we incurred over the last 5 years, what kind of top line can we achieve with minimal maintenance capex to reach the 7,500-crore top-line guidance that you have given for 2030?

Management: There will always be maintenance capex. However, we can achieve a figure of about 4,000 crores with the setup that we already have at the moment.

Report is AI-generated and may contain inaccuracies.

Rico Auto Industries

14 August 2026

There will be investments in dies, especially when any new component is introduced. Special dies are required for new components, and those investments take place.

We normally try to claim that money from the customer upfront. In some cases, such as Maruti and Hero, they do not pay upfront and instead include it in the piece price. With other customers, we request them to pay us upfront.

We try to minimize the investment, but we can reach a figure of about 4,000 crores.

Bhajan Bafna – Sunidhi Securities: Without any significant capex?

Management: Without taking up a major project, I would say.

Bhajan Bafna – Sunidhi Securities: Broadly, if we try to judge the impact of aluminum prices, which have increased by 57% for some grades as you mentioned, that is an unknown. We do not know how it will behave this year or next year.

When you provide this 3,250-crore guidance for this financial year, what aluminum price is assumed? This would help us correlate the future movement and understand how the numbers will behave this year.

Management: I can give you the exact impact of raw materials, but I think it should be in the region of 200–250 crores.

Bhajan Bafna – Sunidhi Securities: I am referring to the current aluminum price of 3,300 dollars. When we provide guidance of 3,250 crores of top line for this year, what aluminum price assumption have we made? We can then correlate it with the prevailing price on the MCX, which is around 3,300 dollars.

Management: Around 320 rupees per kilogram. 3,300 dollars, yes.

Bhajan Bafna – Sunidhi Securities: Thank you, sir. All the very best for the coming quarters. I hope we deliver what we are guiding for.

Management: Thank you.

Operator: Thank you. Ladies and gentlemen, anyone who wishes to ask a question may press star and one. The next question comes from the line of Jhalak Shah, an individual investor. Please go ahead.

Jhalak Shah – Individual Investor: Hello. Am I audible?

Operator: Yes, you are.

Jhalak Shah – Individual Investor: In the last conference call, Arvind sir mentioned that you would be selling CNC machines in the market. Could you provide an idea about that? What is the spare capacity, and do we have customers on board?

Report is AI-generated and may contain inaccuracies.

Rico Auto Industries

14 August 2026

Management: We have already started delivering, and that activity is expanding. The process is ongoing. We have actually sold more than we are making, so that is the situation at the moment. We have not tracked that separately in terms of total revenue.

Jhalak Shah – Individual Investor: What is the spare capacity? Could you provide a number? We have 3,000 capacity that we are using for captive consumption, right?

Management: I did not understand your question. The 3,000 is not the capacity of the machining centers that we have.

If you are talking about capacity in terms of numbers, this year we are planning around 100 machines. The 3,000 is the number of machines that we currently have in our plants. We use more than 3,000 machines for production purposes in our plants.

These are new CNC machines that we are selling. Earlier, we used to make them only for ourselves, but now we have started selling them to external customers.

Jhalak Shah – Individual Investor: What kind of revenue or margins are we expecting from this?

Management: The margins are definitely better than those in the machine tools business. We are going to achieve approximately—this revenue has not been included in the current 3,250-crore guidance that we have given.

Railways will be an addition, and this will also be an addition.

Jhalak Shah – Individual Investor: Do we expect any major revenue from this? We are projecting significant revenue from Railways and Defence. Do we see CNC machines becoming a major revenue segment?

Management: It will become a major revenue segment, but since this is the first year that we are doing it, we are also testing the market and receiving feedback on our equipment.

Earlier, we were using the machines internally. Now that we have external customers, we are receiving feedback and upgrading the equipment to meet customer expectations.

Our target is to sell 100 machines this year.

Jhalak Shah – Individual Investor: Is there any approximate number that you can provide, either on the cost side or the revenue side for the CNC machines?

Management: Revenue?

Jhalak Shah – Individual Investor: Yes, on the cost side or the revenue side for the CNC machines.

Management: Approximately 35–40 crores.

Jhalak Shah – Individual Investor: There is also land held for sale. Do we have customers, and where will the proceeds from that land go? I am referring to the property in Haridwar.

Management: That is... {? [unclear] ?}

Report is AI-generated and may contain inaccuracies.

Rico Auto Industries

14 August 2026

Jhalak Shah – Individual Investor: There is an asset comprising 2 acres of land, valued at 10 crores.

Management: One minute. Regarding Haridwar, we should receive the payment by December 31. By December 31, we will receive the complete payment for that property.

Jhalak Shah – Individual Investor: We will receive 10 crores. Will that be used for debt repayment, or what are we going to use it for?

Management: We will use it for our operations and for whatever repayment we decide to undertake.

Jhalak Shah – Individual Investor: Thank you.

Operator: Thank you. The next question comes from the line of Darshil Jhaveri with Crown Capital. Please go ahead.

Darshil Jhaveri – Crown Capital: Thank you for allowing me to ask another question. I have one more question regarding land. We have another land bank at Vatika, right? What are our plans for that?

Management: We are talking to people, and active discussions are taking place, but we cannot say anything before the matter is actually concluded. We may provide you with the news sooner than later.

Darshil Jhaveri – Crown Capital: That is good to know. Regarding our hedging policy, because there is so much fluctuation in aluminum prices, do we plan to undertake at least some futures hedging so that a portion of the exposure can be protected? What are your thoughts on that?

Management: Commodity is not something that we are depending on. Our endeavor will be to ensure that whatever price we pay to purchase our raw material is passed on to the customer.

What we are working on is not exactly hedging, but reducing any lag that currently exists. As I mentioned the last time we discussed this, approximately 75% of customers have already been converted to real-time settlement, while the remaining 25% are still to be onboarded.

We are working on it. Once that is completed, we will probably eliminate the lag impact that we report every quarter.

Operator: Darshil, have you finished your question? Darshil, can you hear us?

Darshil Jhaveri – Crown Capital: I am asking whether I can ask a follow-up question. Is the 75% based on the value of revenue or on the number of customers? We had a significant aluminum component, so I wanted to clarify that.

Management: If you look at the standalone number, the lag impact for the quarter is only 3.3 crores, whereas in the last quarter the number was quite large. That is because 75% of customers by value have already been converted.

We are working on the balance. Once that is completed, I believe separate hedging will not be required.

Report is AI-generated and may contain inaccuracies.

Rico Auto Industries

14 August 2026

Darshil Jhaveri – Crown Capital: That is great. That is all from my side. All the best, sir. Thank you.

Operator: As there are no further questions from the participants, I now hand the conference over to the management for the closing remarks. Thank you, and over to you, team.

Management: This quarter has been tough, mainly because of the air freight and sorting costs that we had to incur. However, we are very confident about what is happening.

As I mentioned regarding the month of July, revenue has increased significantly and is much higher than what we achieved in the last quarter. By the end of the year, we will cross 3,250 crores in any case.

You will also see an improvement in profitability. We are trying to recover the maximum possible amount of the costs, mainly the air freight costs, from our customers. We will do whatever we can.

Besides that, there are other costs for which we have already factored in and filed claims. We are very confident that these amounts will also start coming in. In fact, some of the costs have already started coming in.

We have spoken to each and every customer, and by next quarter I think we will be able to tell you how many customers have already agreed to the requests we have made.

This primarily relates to oil, gas, imported materials such as carbides, and general inflation, as well as the increase in labor costs after the Government of Haryana increased them by almost 40%. That has had a major impact.

Those discussions are ongoing, and we are confident that we should be able to settle most of them in this quarter.

It will take us a little longer to convince our overseas customers that inflation has increased manpower costs and that gas, petrol, and oil costs have also increased. We are working on it, and we have already made requests to them. Hopefully, those matters will also be settled.

Thank you very much. We assure you that we will do better next time. This quarter is also going to be challenging, primarily because of air freight. However, from the next quarter onwards, you will be very happy to see the results.

Operator: Thank you very much, sir. Ladies and gentlemen, on behalf of Rico Auto Industries Ltd., that concludes today's conference. Thank you for joining us, and you may now disconnect your lines.

Operator: We will now disconnect your lines. Thank you.

Management: Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

Report is AI-generated and may contain inaccuracies.