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Sub : **Transcript of Conference Call held on 1st June, 2026**

Dear Sir/Madam,

Please find enclosed herewith the transcript of Conference Call held on 1st June, 2026 with the Investors.

This is for your information and record.

Thanking you,

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

Ruchika Gupta
Company Secretary
FCS : 6456

Encl : As above



“Rico Auto Industries Limited
Q4 & FY '26 Earnings Conference Call”
June 01, 2026

“E&OE - This transcript is edited for factual errors and readability. In case of discrepancy, the audio recordings uploaded on the stock exchange on 01st June 2026 will prevail.”



MANAGEMENT: MR. ARVIND KAPUR – CHAIRMAN, CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

MR. R.K. MIGLANI – EXECUTIVE DIRECTOR

MR. KAUSHALENDRA VERMA – EXECUTIVE DIRECTOR

MR. NAVEEN SOROT – CHIEF FINANCIAL OFFICER

Moderator: Ladies and gentlemen, good day, and welcome to Rico Auto Industries Limited Q4 and FY '26 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 an operator by pressing star then zero on your touch-tone phone.

Before we begin, this conference call may contain certain forward-looking statements about the company which are based on beliefs, opinions and expectations of the company as on date of this call. These statements are not a guarantee of future performance and involve risks and uncertainties that are difficult to predict.

From the management, we have with us today Mr. Arvind Kapur, Chairman, CEO and Managing Director; Mr. R.K. Miglani, Executive Director; Mr. Kaushalendra Verma, Executive Director; Mr. Naveen Sorot, Chief Financial Officer.

I now hand the conference over to Mr. Kaushalendra Verma, Executive Director from Rico Auto Industries Limited. Thank you, and over to you, sir.

Kaushalendra Verma: Thank you. Good evening, everyone, and thank you for joining us for Rico Auto Industries Limited Q4 and FY '26 Earnings Conference Call. We are pleased to report that Rico Auto Industries achieved its highest ever annual revenue during FY '26, supported by healthy domestic and export demand, operational improvements and ramp-up of new programs across business. We are OEM supplier and our export business in the U.S. and in Germany is growing despite of ongoing geopolitical issues. Our export to the U.S. and Germany will grow to 2x in the next 2 years.

Let me begin with the brief overview of the macroeconomic environment, which continues to remain supportive for the automotive sector. Despite global uncertainties, India continues to remain one of the fastest-growing major economies globally with GDP growth projected at around 7% for FY '27. The strong domestic consumption, government infrastructure spending and continued focus on manufacturing and localization continue to support growth across sectors.

Moving to the automotive industry. The passenger vehicle segment witnessed healthy growth during FY '26 with production volume increasing by around 9% to an all-time high of approximately 5.5 million units, while EV adoption also accelerated with electric passenger vehicle penetration, increasing to around 4.2% during FY '26 from 2.6% in the previous year. The 2-wheeler segment also delivered strong performance during the year with production volumes growing by around 12% to approximately 26.6 million units, surpassing the previous industry peak.

Electric 2-wheeler adoption also continued to improve with EV penetration increasing to around 6.5% during FY '26 from 5.4% in the previous year. Looking ahead to FY '27, the industry is expected to maintain healthy growth momentum with passenger vehicles expected to grow by around 5% to 7%, 2-wheelers by around 6% to 8%, and commercial vehicles by around 4% to 6%, and 3-wheelers by around 9% to 10%. EV penetration in the 2-wheeler segment is also expected to improve further to around 7% to 8%, which continues to create opportunities across hybrid and EV-related platforms.

Talking about Rico, the business environment remained positive during the year, supported by healthy domestic demand and ramp-up of new programs across businesses. During the year, aluminum and other raw material prices remained volatile due to fluctuation in the global commodity market. However, healthy demand conditions and customer pass-through mechanism helped us to manage the impact with limited effect on margins.

We are under discussion with our customers to renegotiate our RM settlement cycle and also discussing renegotiating on the components, which is impacting our margin. We are also reviewing our entire portfolio of our business, specifically identification of the low-margin products and we will be negotiating with our customers to improve product profitability.

We also continue to strengthen our business pipeline with new orders across customers, including Toyota, Maruti Suzuki, Hero, Bosch, Cummins and Knorr-Bremse. These programs across transmission, braking systems, engine and EV-related applications provide good visibility and are expected to support future growth over the coming years.

Apart from the automotive business, we are also seeing encouraging traction in railway and defense. Supplies have started improving gradually and these businesses are scaling up, utilizing our existing manufacturing infrastructure and engineering capabilities.

Now I would request our CFO, Mr. Naveen Sorot, to take you through the financial performance of the company. Thank you.

Naveen Sorot:

Thank you, sir. Good evening, everyone. I would like to highlight that the growth during the quarter and the year was supported by healthy domestic as well as export demand, ramp-up of new programs and improved business across our key segments.

Consolidated Q4 FY '26 highlights. Our revenue stood at INR677 crores in Q4 FY '25 including an export of INR102 crores. EBITDA stood at INR47.8 crores with EBITDA margins of 7.1%. PAT stood at INR6.9 crores. On a consolidated FY '26 highlight, revenue stood at INR2,477 crores, up 12% year-on-year and the highest ever annual revenue for the company, which includes an export of INR395 crores. EBITDA stood at INR223 crores with EBITDA margins of 9%. PAT stood at INR52.4 crores as compared to INR19.2 crores last year.

I'd also like to highlight that there were a couple of nonrecurring impacts that had impacted the profitability in the current financial year. One, the Labour Code impact, which is almost INR3.6 crores in Q4 and INR11 crores for the entire year. Further, there was a lag settlement impact, which was INR11 crores for Q4 and INR19 crores for the entire financial year. On the lag impact, as K.V. sir has already highlighted that we are renegotiating with the customers to bring the RM

settlements on a monthly basis, and I am glad to share that 75% of the customers by value have already accepted our request.

On the segment-wise performance, aluminum business revenue stood at INR2,155 crores during FY '26, contributing around 88% to total revenue. Ferrous business revenue stood at INR322 crores during FY '26, contributing around 12% to total revenue. Exports for FY '26 stood at 16% as compared to 15% last year. On capex side, the investment in Hosur is progressing as planned.

The facility is expected to become operational from September 2026 onwards and will primarily cater to hybrid and EV-related programs for key OEM customers. Along with that, the company has also received an approval from Tamil Nadu government for a subsidy of around INR39 crores, which will start accruing from current financial year and will be available for the next 10 years.

The company has also secured new orders worth approximately INR2,500 crores over a program life of 5 years, providing strong visibility for future growth. On the balance sheet side, we continue to maintain focus on working capital management and cash flow generation during the year.

Working capital days improved to 7 days from 33 days last year, while the cash flow from operations stood at INR331 crores during FY '26. Net debt as on March '26 stood at INR686 crores as compared to INR653.1 crores last year. Looking ahead, we remain optimistic on the business outlook, supported by healthy domestic as well as improving exports, strong order pipeline and increasing participation across hybrid and EV platform.

Thank you. Now we open the floor for questions.

Moderator: Thank you very much. We will now begin the question and answer session.

Arvind Kapur: Till the questions come in, we can just add a little here. The railway business is coming up fast and RDSO has given us approval, and more components are also getting approved. And in fact, the first lot was dispatched just about 4, 5 days back, and this should continue even further. And we are hoping to do pretty well as far as the railways are concerned.

Even in the defense, we are pushing the defense. And besides whatever we are manufacturing, that's mainly the shooting ranges, we would also be adding more to the portfolio. This will be for this particular year. The exports would grow by almost about 15%, 20% this year.

Kaushalendra Verma: 32%.

Arvind Kapur: Sorry, the exports will grow by 32% this year, and primarily to Germany and to U.S.A. And the domestic market would also go up this year. Unless, of course, the global -- the geopolitics which is happening and that brings about some disaster, I think we are ready to reach the levels that we are talking of now.

Moderator: The first question is from the line of Deepak Poddar from Sapphire Capital.

- Deepak Poddar:** So just first, I wanted to understand, I mean, just something on the margin front. I mean, fourth quarter, we saw a sharp decline in our EBITDA margins and even gross margin. So what are the key factors that affected it? And how should one look at your growth and margins for FY '27?
- Naveen Sorot:** So Deepak, as I enumerated in my initial speech, there were 2 nonrecurring impacts just there in our profitability. So if you look at on a consol level for Q4, the impact of Labour Code is almost INR3.6 crores, and a lag impact of INR11.22 crores. So if you include these and look at the EBITDA, the EBITDA margin from 7.6% rises to 9.8% for the Q4. Similarly, if you look at...
- Deepak Poddar:** Sir, can you just repeat, this INR3.6 crores impact was on Labour Code?
- Naveen Sorot:** INR3.6 crores on Labour Code in Q4. And the lag settlement impact of raw material is INR11 crores for Q4.
- Deepak Poddar:** On raw material?
- Naveen Sorot:** That is the lag settlement.
- Arvind Kapur:** There is some disturbance in the line.
- Deepak Poddar:** Yes. I mean, I'm able to hear. Yes.
- Arvind Kapur:** Okay. Carry on.
- Naveen Sorot:** So if you include these nonrecurring impact, which is there in Q4, I guess the EBITDA, which is currently appearing at 7.6%, will rise to 9.8%. And similarly, if you look at the entire year, currently, the EBITDA is hovering at around 9%, wherein the impact of Labour Code is INR11 crores and the impact of lag settlement of raw material is around INR19 crores. So if you exclude this onetime impact, the margin increases from 9-odd percent to 10.25%.
- Deepak Poddar:** Okay. So for the entire year, this figure is INR11 crores and INR19 crores, right?
- Naveen Sorot:** That's correct.
- Deepak Poddar:** So your adjusted margin is 10.25%?
- Naveen Sorot:** Yes, as against 9% last year.
- Deepak Poddar:** And how should one look at then FY '27?
- Naveen Sorot:** So currently, what is happening, Deepak, there are a couple of renegotiations which are happening across customers. As K.V. sir mentioned that we are reviewing our business covering all the portfolio, looking at low-margin products, and there will be renegotiation, which will be happening around those products, as well as settlements of all other conversion costs, which has also seen an inflation other than the raw material, which in any case gets settled. So we expect that we should see an improvement in the overall margin levels as well going beyond 10.25% that we have achieved last year, if we exclude the onetime impact.

- Deepak Poddar:** Okay. So higher than 10.25% is what we would be looking at in FY '27?
- Naveen Sorot:** Yes. If everything else remains as it is.
- Deepak Poddar:** And how should one look at your revenue growth?
- Naveen Sorot:** So revenue, I guess, we're just concluding our budget. But if you look at, I guess, on an overall basis, we are expecting to cross INR3,000 crores.
- Deepak Poddar:** Okay. And something on the order side? I mean, you mentioned INR2,500 crores order, right, that you have got over 5 years, right? So this FY '27, this new order will give us INR500 crores incremental?
- Kaushalendra Verma:** This is basically the program which we have launched this year. The ramp-up will happen for those programs, plus we are going to launch a couple of programs, which will bridge this gap to INR500 crores.
- Arvind Kapur:** So the investments for the current program, which have been launched, the investments started actually last year and even the year before that, like getting the land, buildings and all that. But from this year onwards, we will start seeing the revenues actually flowing in. And that's what this year and it would peak next year. That's what, yes. So there are almost about 40 launches which are taking place at the moment and all new products, and you'll see the impact coming up in the coming quarters. Actually, end of the third quarter to fourth quarter.
- Deepak Poddar:** Yes. Understood. Okay. Got it. And then just one last thing, I mean, if the renegotiation which is happening across customers, just in case we do not get the required increase or the escalation that we are looking for, so does that mean that this 10.25% margin is what we would still be able to make, or we'll see some pressure there?
- Naveen Sorot:** So Deepak, 10.25% is the situation as is. So whatever further negotiations that we are able to do and conclude, the customer will be over and above this.
- Arvind Kapur:** We are very confident that the commodities, of course, the other consumer items that we use in our system, which are imported by the -- because of the dollar price change, they've gone up. The customers recognize that and the oil usage that we have, the gas usage we have, and we are already in discussion with the customers for those.
- Moderator:** Next question is from the line of Parag Thakkar from Fort Capital.
- Parag Thakkar:** So basically, I just wanted to ask you that this INR11 crores when we are saying it is nonrecurring in Q4 and INR19 crores for the full year, it is for the raw material prices, which has gone up, which we are negotiating with the customer, right? And you said 75% of that is accepted?
- Naveen Sorot:** So what we have said is that, see, generally, what is the practice is to have a prospective settlement which are happening with the customers on a quarterly basis, predominantly. So since the raw material is increasing quarter-on-quarter, we are always doing a catching up job. Now we are renegotiating with the customer to cut down the settlements on a monthly basis. And for

that 75% of the customers by value have already agreed to the fact. And the negotiation for the loss which has already happened is parallelly going on.

Parag Thakkar: So this INR11 crores for the quarter and INR19 crores for the full year, it will be automatically increased in FY '27, right?

Naveen Sorot: So there's one, whatever price which will move on a monthly basis, we'll settle with the customer on a monthly basis. Second, the negotiation is for the loss which is already incurred for the Q4 as well as the entire year. So that discussion is parallelly. So the monthly settlement is already agreed, whereas the recovery of the loss which was incurred last year is parallelly going on. So whatever amount that we are able to negotiate will directly flow to the bottom line.

Parag Thakkar: Correct. Understood. But what is the probability that whatever amount right now we are saying, which we have lost in FY '26, and so you are adjusting EBITDA margins accordingly. When you say that if you normalize it, then your EBITDA margin would have been, say, 9.5% or whatever for the full year. So what is the probability that this INR11 crores for the quarter or INR19 crores for the full year will 100% come in FY '27 in your PAT number?

Naveen Sorot: So when we say that our EBITDA, if you remove the onetime impact, was actually 10.25%. So that 10.25% remains protected once we have agreed for monthly settlements. If we are able to negotiate on settlement of our last year losses, that will add on to the EBITDA margins that we are currently discussing.

Parag Thakkar: Okay. Okay. That is very clear. And sir, railway and defense, what is the revenue opportunity or addressable opportunity for us over the next 2 to 3 years? How should we look at railway and defense playing out for us?

Arvind Kapur: Railways, I think, is moving much faster than the defense because the clearances come much easier and faster than the defense. I think the defense requirements are more sensitive and they take a little longer for testing, etcetera. So does railway also -- they do a lot of testing, but we also do a lot of testing for them in our plants. And we are hoping that this year, in the railways, we should be crossing INR100 crores as far as the railways are concerned. And that's what our internal target is, and we should be able to achieve that.

Defense is a little slow, and we are targeting -- we are trying to see how do we cross INR50 crores this year. And in the next 2 years, how do we double it further. Now this is all the current systems that we are producing and supplying to the defense. But the railways, we are more aggressive and those clearances are coming much faster. And as railways are modernizing and INR200,000 crores are being invested on modernization of the total railways, that includes the lines and building of lines, et cetera, et cetera, we are going to be major participants there.

Parag Thakkar: Sure. And sir, when we are saying this current year revenue of INR2,480 crores is going to INR3,000 crores. So it is almost around 25% jump, why we are saying that 2-wheeler is going to grow at 6% to 8%, and others also are growing at below 9% -- am I audible?

Arvind Kapur: Yes, yes. Very well.

- Parag Thakkar:** So when OEM sales are growing at below 10%, and we are confident of achieving more than 20% revenue growth, is it coming from these products when 40 products...
- Arvind Kapur:** Yes, Parag, these projects we have taken up 2 years back and last year, where we have started investments, and those are fructifying now and those are for the exports as well as the domestic market. So that's there, and those items, we are single source supplier to all the customers. And those items are going to see a major growth. And that's both for the exports as well as the domestic market. And so it's a program which we actually started investing a couple of years back, which are fructifying now. And we are not talking of just a linear growth, that customers are growing by 5%, we are also growing by 5%. What we are saying is we are getting the largest share of the market and also we are picking up newer components like for hybrids and electric vehicles, etcetera.
- Parag Thakkar:** Sure, sir. Great. And sir, railway and defense orders are coming at what kind of margin? It should be better than the current automotive margins, right?
- Arvind Kapur:** We've just started supplying. So give us some time. They are obviously better than the auto margins, but give us 1 or 2 quarters, and we'll actually tell you about the margins.
- Parag Thakkar:** And sir, one last question from my side. How should we look about net debt? Is it going to reduce or you are comfortable at current levels?
- Naveen Sorot:** So if you look at overall, I guess, we are hovering at around 3.75x the leverage. And if you look at repayments which are scheduled over the next 2, 3 years is almost INR110 crores annually. So I guess we are pretty comfortable even with the debt, which is there in the books as of today, but we are still seeing a downward gliding path going forward. So INR120 crores in any case will get knocked off every year over the next 3 years.
- Parag Thakkar:** Okay. And sir, one last question, just to squeeze in, that we had this property also, right, land on which our plant is there, and there were some discussions that we can -- there were some offers -- bids in the market for that property. So any update on that, if you would like to give?
- Arvind Kapur:** Well, discussions are carrying on. And like I mentioned last time that we were offered INR700 crores, and we had said no to that, because we were looking for a much better value, so that we could actually reward our shareholders. And so we are working on that, and we are getting better offers than whatever we had before.
- Parag Thakkar:** Okay. And so any time line you are looking at? Over next 1 year, can shareholders expect some...
- Arvind Kapur:** If it happens, it will happen in 6 months also. If it doesn't happen -- If we don't get the right price, we are not selling it.
- Moderator:** Next question is from the line of Hiten Boricha from Sequent Investments.

- Hiten Boricha:** Sir my question is, you mentioned we are going to target INR100 crores from railway and INR50 crores from defense this year. if you can share the number, what was the revenue from railway and defense in FY '26? And sir, also, if you can throw some color on what kind of products or components we are selling to railway, if you can share some thoughts on that?
- Arvind Kapur:** See, railways, we had just started and the revenue was just about INR3 crores to INR4 crores last year, but all the approvals have come. There are, I think, 7, 8 different types of assemblies and components that we are working on. And we've got approval for 3 or 4 of them already. And the balance we should get approval in about another 2 months' time. Their teams are visiting us regularly. And that the requirement is huge with the growth that is happening. And once the approval comes, I think -- that approval should come within 10 or 15 days for the samples which we have just dispatched. And once those start off, those are huge numbers. And in the defense, we are still struggling around INR20 crores to INR30 crores, and we want to cross INR50 crores this year.
- Hiten Boricha:** Okay. Okay. And sir, what kind of products we are supplying to railway?
- Kaushalendra Verma:** Basically, these are bearing adapters, LC cast iron inserts, which goes into the track.
- Arvind Kapur:** Railway lines and what you call those -- track adjusters and distance blocks, there are many items.
- Hiten Boricha:** Okay. Okay. But sir, if I'm not wrong...
- Arvind Kapur:** Basically, where the investment is minimal, and we are using our current capacities, which are available with us.
- Hiten Boricha:** Okay. Okay. But sir, I think in last con call, you mentioned we are targeting something around INR60 crores, INR70 crores of revenue from railway and defense in FY '26 itself. So I think...
- Arvind Kapur:** No, it didn't happen. Because in the railways, even though we were ready with the production, the approvals took a little longer time. Since now the approvals are there, so that's why the confidence that we should be around INR100 crores.
- Hiten Boricha:** Okay. So now the approvals are in place, yes.
- Arvind Kapur:** Yes, yes. It's a constant exercise. We have approval of about 5, 6 different types of component assemblies. And further approvals, as we are submitting samples, we are getting more and more approvals.
- Hiten Boricha:** Understood. Understood. And sir, my second question is on the capacity. So what is the current capacity utilization as on Q4, sir, for both aluminum die casting and ferrous casting?
- Arvind Kapur:** In the iron side, our capacity utilization is in the region of about, I think, 65%, 70%.

- Kaushalendra Verma:** Yes, 75%, around.
- Arvind Kapur:** And in the aluminum side, it's also in about the same region. And of course, it could vary from the smaller capacity machines where the utilization is close to 95%. And the higher capacity machines, higher tonnage machines, we've been able to free capacities. And we would be adding more components there. This also includes the capacities that we've freed for the capacity that will be required for this year with the expansion that has taken place and the requirement of both the iron as well as the aluminum components.
- Moderator:** Next question is from the line of Deepak Poddar from Sapphire Capital.
- Deepak Poddar:** Yes. Just one clarification. Now because this was one-off and fourth quarter adjusted margin was close to 9.5%, right? So from first quarter onwards also, we'll see that trajectory, right? I mean, that 9.5%, 10% kind of margins, because this was one-off that we saw in the fourth quarter?
- Naveen Sorot:** Yes, we will -- Deepak, as I said, that even the lag settlements are getting agreed with the customers, 75% have already agreed. So we should see the kind of margin going forward starting from Q1 itself.
- Deepak Poddar:** Okay. So from Q1 itself, we will see 10% plus kind of a margin. I mean, would that be a fair assumption?
- Naveen Sorot:** Yes. That's correct.
- Moderator:** As there are no further questions, I now hand the conference over to management for closing comments.
- Kaushalendra Verma:** Okay. Thanks, everyone, for joining today's call. And as we committed that, we remain focused for our business growth. And we are basically in a close coordination and discussion with our customer for the recoveries with respect to the RM and the lag impact. And we have already stabilized the monthly attrition, which will help to mitigate the lag impact going forward in the FY '27.
- Arvind Kapur:** So one more thing I'd like to add here is that besides the railways and the defense, we have been making machine tools for a very long time, CNC machines, 14 axes, 16 axes, 5 axes, 8-axes machines. So earlier, we would make them only for ourselves, but now since we had created capacity, we've also started selling them in the market. And we've just done our first sale very recently. And hopefully -- I will not be able to give you as to what would be the total sales that we have this year, but by next quarter, I think we'll be able to share with you some figures on that. Thank you so much.
- Moderator:** Thank you. On behalf of Rico Auto Industries Limited, we conclude this conference. Thank you for joining us, and you may now disconnect your lines.