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Sub : **Transcript of Conference Call held on 14th November, 2025**

Dear Sir/Madam,

Please find enclosed herewith the transcript of Conference Call held on 14th November, 2025 with the Investors.

This is for your information and record.

Thanking you,

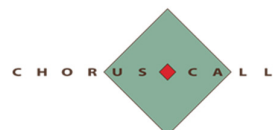
Yours faithfully,
for **Rico Auto Industries Limited**

Ruchika Gupta
Company Secretary
FCS : 6456

Encl : As above



**“Rico Auto Industries Limited
Q2 FY '26 Earnings Conference Call”
November 14, 2025**



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 – (W.E.F. 13/11/2025) *
 MR. RAKESH SHARMA – CHIEF FINANCIAL OFFICER – (UPTO 12/11/2025) *
 MS. RUCHIKA GUPTA – COMPANY SECRETARY

MODERATOR: **MS. HAZEL RATHOD – S-ANCIAL TECHNOLOGIES**

Moderator: Ladies and gentlemen, good day, and welcome to Rico Auto Industries Q2 FY '26 Earnings Conference Call. As a reminder, all participant lines will be in the 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. Please note this conference is being recorded.

I now hand the conference over to Ms. Hazel Rathod. Thank you, and over to you, ma'am.

Hazel Rathod: Thank you. Good evening, everyone, and thank you for joining us for Rico Auto Industries Q2 FY '26 Earnings Conference Call. From the management, we have with us 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 (w.e.f. 13/11/2025); Ms. Ruchika Gupta, Company Secretary; and Mr. Rakesh Sharma, Chief Financial Officer (Upto 12/11/2025).

I now request Mr. Kaushalendra Verma to take us through the key opening remarks, after which we can open the floor for the question-and-answer session. Thank you, and over to you, sir.

Kaushalendra Verma: Thank you so much. Yes. Good evening, everyone. Once again, a very warm welcome to all of you, and thank you for joining the Rico Auto Industries Limited earnings release conference call for the second quarter of FY '25-'26. I'm Kaushalendra Verma, speaking to you from the corporate office. I'm joined today by our Chairman and Managing Director, Mr. Arvind Kapur; Mr. R.K. Miglani, Executive Director; Mr. Naveen Sorot, CFO; and other senior colleagues of the leadership team.

This quarter, we delivered a stable performance despite a mixed global business environment. International market continued to experience moderate production schedules and supply chain uncertainties driven by the geopolitical tension and trade realignment. However, our diversified customer portfolio, new program ramp-ups and strong operational discipline enable us to stay resilient.

On the domestic front, demand remained healthy across the key automotive segments. Our long-standing OEM partnership and focused education helped us to capture momentum in the market. Inflation saw a notable relief following GST rationalization. Retail inflation softened to around 0.25% in October and the GST rate reduction from 28% to 18% in September '25 contributed to improved affordability in the automobile, supporting the overall industry demand.

We are closely watching the overall impact of the GST reduction in the month of November. The volume of the month of November will define the future projections of the demand post GST reduction. December is normally a low month, low demand month as we have the introduction of the new model, but the peak demand, which will impact after the GST reduction in the month of January to March.

During the quarter, we continue to strengthen cost efficiencies, sharpen our quality systems and invest in capabilities that position us for sustainable growth with a sharp focus on operational excellence, prudent capital allocation and customer engagement. We would like to also communicate to you that the most major OEMs including Maruti Suzuki, Tata Motors, Toyota and Honda have announced a huge investment in India, keeping the overall growth of the automotive market in the country. So, we have these positive sentiments.

With this, I look forward to forward-sharing more in details as we progress through this call. Thank you.

Moderator: The first question is from the line of Yash Jhunjhunwala, an investor.

Yash Jhunjhunwala: Firstly, congratulations for a good set of numbers posted. My first question is on the margins. Like are we still on track to report 12%, 13% EBITDA margins in Q4 of FY '26 because quarter-on-quarter, I can see that our margins have slightly come off?

Kaushalendra Verma: Yes, absolutely. We are going in this direction. Our all efforts are towards that direction.

Arvind Kapur: Yash, with the introduction of the new products which are coming in, those are all in the better margin bracket. That includes the exports as well as the domestic market.

Yash Jhunjunwala: So can you explain why our margins have come off in Q2?

Management: In Q2 also, if you see our margins are in line as far as stand-alone is concerned, there is an improvement. And in consolidated also, it is almost at the same level compared to same quarter last year, which was 9.3% EBITDA. This time, it is 9.9%. In between Q1, although it was 10.1%, but this small thing is there. But otherwise, we are in track. And Q3 and Q4, you will see much more improvement.

Arvind Kapur: What is happening is the better utilization of our equipment that is -- where the investments have already been made. We had mentioned to you that the third quarter and fourth quarter are going to be very good, mainly because of our new products, which are going to be introduced both for the domestic and the export market. So it's actually the better utilization of the current equipment we already have invested in. So you'll see that change happening, and we have the confidence that we are getting towards that.

Yash Jhunjunwala: Got it. My second question is on the debt figure. I can see that our borrowings have also increased from about INR274 crores to INR330 crores. Why is that so?

Management: Simultaneously, you would have noticed that in short-term borrowings, there is a reduction. And in fact, there are 2 reasons why long-term borrowings have risen because there is a greenfield project that is undergoing in Hosur. So for that, we have taken the loan that is for capacity expansion and new business.

And at consolidated level, if you see at the total debt level, it stays at the same level of INR670 crores. Earlier, it was INR672 crores at the end of last year. So it is almost at the same level. But mainly the long-term debt is for the new Hosur project that is going on.

Yash Jhunjunwala: And can you just provide some colour on how are we tackling borrowings going ahead?

Management: See, every year, we are repaying around INR100 crores of borrowings. So simultaneously, 2 things are happening that we are repaying INR100 crores of borrowings. And on working capital front, we are reducing it continuously. You would have noticed for last 4 to 6 quarters, we have been reducing on working capital front. But as far as long term is concerned, there since new

greenfield project is there, that's why this increase is happening. So this year, you will see some increase in the long-term borrowings. But next year onwards, it will come down.

Arvind Kapur: So this is mainly for the Toyota and, ICE products would say, project, which is for the hybrids for Toyota, for Mahindra and Tata and Maruti.

Management: And EV also, sir.

Arvind Kapur: And also electric vehicle component.

Yash Jhunjunwala: Okay. And my last question is just to understand, are we still on track to report like INR50 crores, INR70 crores revenue from the railway and defense segment this year?

Arvind Kapur: Yes. We are progressing more on the railway side, and there, the results are happening. And, we are in the process of getting some approval from RDSO also for the railways. And their inspection is to take place, I think, next week sometime. And as the inspection takes place, we could start delivering products to the railways and also to some of the companies who are already supplying to the railways. So that process is already on. We already started delivering.

Yash Jhunjunwala: Already started delivering. So railways have started contributing to revenue already?

Arvind Kapur: Yes, yes.

Yash Jhunjunwala: So we will manage to do that INR70 crores to INR80 crores in FY '26?

Arvind Kapur: We've already delivered, I think, about 34 or 36 components for the railways, different assemblies and different components. So, we have been delivering to the sub-vendors of the railways. And after our RDSO approval, we'll start delivering directly.

Yash Jhunjunwala: So we are holding on to our guidance of INR80 crores, INR90 crores...

Arvind Kapur: Yes, yes, absolutely.

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

- Deepak Poddar:** Many congratulations for a good set of numbers. So now on the revenue front, I think we had said in the last call around INR2,600 crores of execution for this year. So how are we placed there, given the growth profile in the first half has been lower?
- Management:** See, at consolidated level, we have grown by almost 5%. But earlier also, our guidance was that in quarter 3 and 4, the increase is going to be comparatively more because new products are getting introduced. And that applies to profitability also because those are at a better margin. But on the export front, if you see compared to last year, our year-on-year, if you see quarter, the exports have grown by almost 22%. So that is mainly on account of sales in U.S., which has increased. So exports are increasing. domestic sale is also increasing. And we are on track to achieve approximately INR2,600 crores of sales by the year-end.
- Arvind Kapur:** In the first half, we are short by INR58 crores as per our budget is concerned. But we are fairly having said that, this is primarily because some of the customers have delayed their projects. So to cover up that, we have picked up new components and also increased our share of business with the current customers.
- Deepak Poddar:** Okay. Understood. So you mentioned that this tariff has been lowered, right, from the month of November from earlier maybe what, 50% plus to 28%?
- Management:** No, no, it has not been lowered as of now, but it was in 2 tranches. One was 25% earlier for which we have already have got arrangement with the customers that they are bearing that 25%. Now another 25% on most of the components, it is not applicable in our case. In some of the components, it is applicable. There, we are in talks with the customer to pass on this thing also to the customer.
- Arvind Kapur:** Despite that, our sales are increasing to the U.S. and there are many more additional components which are coming up in the coming months.
- Deepak Poddar:** Okay. So I missed the point on additional. So additional 25% is also we are in discussion with customers to be borne by them?
- Arvind Kapur:** One minute. There was, the total duty and tariff is, it is about 2.5% plus something about 3.25%, plus 25% is the tariff that was imposed first. That

comes to about 28%, 29%. And then there was an additional 25%, which was introduced. But I think Mr. Donald Trump forgot to include the auto components in that. So we are very lucky that we are paying only 28% at the moment.

Deepak Poddar: Okay. So auto component is not included there. So 28% and that we have discussed. It's approximately...

Arvind Kapur: I would say most of the auto components are not included. And lately, when he introduced the new tariff for commercial vehicles, on that, he's -- from 10%, he's taken it up to 50% on commercial vehicles. So what we supply to come in, which was at 10% earlier, that will go to 50%, but the customer is bearing that cost.

Deepak Poddar: Okay. Okay. So there is no impact as such on us, right?

Arvind Kapur: On 95% of what we export to U.S., that is own, right?

Management: And in fact, sales are increasing in the U.S.

Deepak Poddar: And how much would be U.S. exports? I mean out of total exports, I think, about 15%, 20%, right?

Management: 50%.

Deepak Poddar: Okay. So 50% of exports is from U.S.

Management: Yes, to U.S.

Arvind Kapur: To U.S. and 50% of the balance is to Europe.

Deepak Poddar: Okay. Okay. So 50% is to the U.S. Okay. Understood. And now on the -- since you mentioned that railways and all our this has started and even RDSO, we are in process of getting the approval, right? And currently, we are supplying to sub-vendors, right? That's what you mentioned. So what are the margin profile we have there?

Arvind Kapur: Definitely better margins. And I think we work when we started supplying, we were working on about 5% only. But now we are in the bracket of about 18% to 20%. And this is to the sub-vendors we are talking of. But when we supply to the railways, obviously, the margin will be different.

- Deepak Poddar:** Okay. No, so this INR80 crores, INR90 crores that you mentioned that from railways or defense, that margin profile of 18%, 20%, we can maintain?
- Arvind Kapur:** Average would be a little less, but now the newer supplies are at that level.
- Deepak Poddar:** Okay. And we are talking about EBITDA margin here, right?
- Management:** Yes.
- Deepak Poddar:** Okay. And defense, so how are things in defense? You've mentioned that we are a little lagging in the defense side, right? So can you throw some more light on that?
- Arvind Kapur:** It's like our proposal, we are talking to for the BrahMos and we are talking for many other ammunitions that are there. So a lot of discussions are taking place, and I think we will be there. At the moment, we are supplying the ranges, the shooting ranges that we had mentioned last time also.
- Deepak Poddar:** Okay. Okay. So any time line we have or that when -- by when we can expect defense revenues?
- Arvind Kapur:** It appears the railways will be much faster than the defense.
- Deepak Poddar:** Okay. Okay. Understood. And my second question is on your monetization. I mean we were in the process of land monetization, so around INR1,000 crores, INR1,200 crores, right? So how are we placed there? Can you throw some more light on that?
- Arvind Kapur:** So we have been explaining this on almost every conference. And we are very open to monetization of this land where we are sitting at the moment. And this is about 27 acres and -- 26, 27 acres. And it's a prime land. And the offer that we got a couple of months back or we've been getting over time, the total profit that we were earning was just about INR400 crores or something. I don't think that was enough to satisfy my shareholders.
- We are expecting much more for this property because there's a lot of expenses, which will happen when we shift the plant from here. This is not going to be easy. There are almost 2,500 people here. There are a lot of equipment here, a lot of machines, which need to be transferred.

A lot of provisions also needs to be taken from our customers. So there are costs involved in that. We are very clear about those costs and the time line will be about a year, 1.5 years for shifting after we settle. But till we get a good value and till we can get a gain for our shareholders, we will not just go for INR400 crores.

Deepak Poddar: Okay. Okay. So the price that you were offered was not as per your expectation?

Arvind Kapur: No, they offered much less and so we said no. And now, of course, the same people are coming back for twice -- double the whatever we have said earlier. But we told them that we want to cross INR1,500 crores in any case.

Deepak Poddar: Okay. Okay. Understood. And just a couple of more things from my side. Now you mentioned that your margins, 12% to 13% efforts are there by fourth quarter, right? Currently, I think we are at around close to 10%. So this gap of 2% to 3% in next 2 quarters. So what would be the drivers there? So what would drive your margins in what. I mean, already in the month of November, right?

Arvind Kapur: Yes. See, there are 2 things which are happening. One is the better utilization of the current capacities, which have been created. Like to give you an example, the iron foundry was running at 40%, now running at about 50%, 52%. It will go up to about 65%, 70%.

And as the orders we already have in hand, next year, our foundry is going to be in the region of almost about 90% utilization. And the investment in the new foundry today is about INR2,500 crores. And we invested long time back and everything is in place and therefore we are expanding our customer base there.

And same thing applies to the aluminum side. Earlier, we were running at about 65%, 70%. We improved our efficiencies. We brought down the -- by improving the efficiencies, the utilization came down to about 50%.

But now with the new orders coming in, we are creeping up. And I think by next year, we should also be in about 80%, 85% as far as the die casting is concerned. So these are huge investments, large investments that have taken place many years back. So that is going to be the first trigger for the 13% plus that we are talking of.

- Management:** Then the new components that we have...
- Deepak Poddar:** So this will happen over next 3, 4 months? Or is it as we speak, it's already happening?
- Arvind Kapur:** See, we have the visibility that we will be at 85% plus by next year. And every month, you will see a change -- every quarter, you will actually see a change, and we have said this even 2 quarters back, where every quarter, you will see a change happening because of the new introduction of parts.
- Deepak Poddar:** Okay. Okay. So the one major point was better utilization of your assets, right? That's what...
- Arvind Kapur:** Better utilization of assets with newer orders which we have received, which are at better margins.
- Deepak Poddar:** Okay. Newer orders is at better margins. Okay.
- Arvind Kapur:** Yes. They're all above 14%, 15%.
- Deepak Poddar:** And even newer products, right? I mean, you mentioned about...
- Arvind Kapur:** All new products are above 15%, yes. Absolutely.
- Deepak Poddar:** And just one last thing I got this. Now we are always -- I mean, we are close to the year-end. So I was looking for any kind of outlook for next year, FY '27, if you could provide anything on that front?
- Arvind Kapur:** We do have the figures here, but we have the figures up to '28, '29.
- Deepak Poddar:** Yes. I mean, whatever you are comfortable with, yes.
- Arvind Kapur:** So we are targeting 3,000 plus, 3,100 plus for the next year and -- okay, 3,000 plus. But the figure that I have is higher than this, but I don't want to talk of the figure, primarily because of the new introduction of part. If some customer delays it, then we normally cut the probably figure there. So I'm taking a little conservative and say 3,000 plus.
- Deepak Poddar:** And what margins? Because fourth quarter, if you are closing at 12%, 13%...
- Arvind Kapur:** Every quarter, you'll see an improvement of margins, and you'll be happy with the new margins that will be there.

Deepak Poddar: But looking at the aspirational margin profile, I mean 14%, 15% would be our aspirational margin over the medium term?

Arvind Kapur: My aspiration is 20%. I mean, our aspirations are different. We are always planning to improve our margins.

Moderator: The next question is from the line of Raghav from Lindsay.

Raghav: My first question is what is the kind of peak revenue we can do in 2 to 3 years once our entire capacity is utilized, including our greenfield project in Hosur?

Arvind Kapur: Okay. I'm talking of totally -- this is all greenfield and also no acquisitions here. We have from whatever visibility we have on the orders in hand and also discussions that have taken place, we are talking of close to 4,000 by 2028-2029.

Raghav: Okay. And my other question is, we have been stuck at a low capacity utilization for last 2, 3 years. So is it possible for us to go slow on capex after this and reduce debt and improve our balance sheet before going for a new round of expansion?

Arvind Kapur: See, the expansion that takes place is primarily for the iron components and aluminum components that we produce. So the major investment normally takes place in the casting side, be it the iron side and/or be it -- I'm talking of the foundries and be it the aluminum die casting machines. Those are very, very expensive machines. A 2,800 tonne machine will cost us about almost INR30 crores, installed would be about INR40 crores. And if we have multiple of those machines, you can imagine where the costs are.

And these days, the components are getting bigger and bigger and so the larger machines are required to be installed. But we already have, I would say, most of the machines in place. But what we do is the capacities of these is we do better utilization. But these components after machining, we don't supply, only casting. We add further value into those components. And we machine those components and also do some assemblies. So our investment that is taking place is primarily on the machining side.

So to better utilize the capacity on the casting unit, we need to invest in the machining so that we also get better margins. That is what is happening. And

we like to do the machining itself because the margins improved dramatically. But we are very conscious of the investments which are required to be done.

Our Board is getting tougher and tougher, we are happy that they take a lot of interest in whatever investments are happening. And we need to get almost everything approved from the Board. So we are very conscious of what is happening, and the Board is also very clear as to what direction we need to take.

Moderator: The next question is from the line of also Prafull Rai from Arjav Partners.

Prafull Rai: This is Prafull. Just one question. We are talking of a major ramp-up in our revenues. Is it that our revenues are linked to some product being launched from some of our customers and that is how we are mapping our growth? Or we are replacing some existing supplier or vendor in the ecosystem? Because if you're replacing a vendor, then more predictability to revenue. And if you are linking ourselves to growth or launch of some new products coming, then we are linking our numbers with some outcomes at the consumption end. So can you just help us think through...?

Arvind Kapur: Okay. It's a combination. We are also expanding our capacity or getting a better share of business from whatever we are already supplying to the customers. That's one. And number two is that we are talking of customers like Maruti who have in the last 30 years, whatever they predict, they normally deliver. And we are talking of Toyota, we are talking of Mahindra. We're talking of that class of customers that the orders are mainly from. And we're also looking at exports from BMW and also from GKN and other customers overseas.

So these customers have normally picked up larger quantities and volumes than whatever they have asked us to invest on. So we are not looking at the aftermarket where it's unpredictable, but we are looking at fairly good unless the market collapses, we are fairly sure that this will happen. Then the investment also in dies and digs and fixtures is given by the customers. So they also make investments in those components. So they are also fairly sure that this will come up. That's the reason they put in the money.

Prafull Rai: Okay. So they are as much invested with us as probably what we are doing. And second question, sir, I wanted to ask on the same line. Suppose if there is some change in schedule of some customer here and there, are the capacity

fungible enough for us to repurpose them for some other customers? That's a massive capex we are talking. That's what I'm asking.

Arvind Kapur: Yes, yes. So the foundry is totally fungible. We got to change the pattern, both the aluminum and iron. And the dyes are funded by the customers and the patterns are also funded by the customers, and number one. Number two, for the machining lines, they are all CNCs. They are totally fungible. I would say that whatever investment we do, all this 85% is fungible. And it's about 10%, which we can change by putting some investment. There's 5%, which actually goes to waste. That's what we are very clear in our investment. So that got to be fungible.

It's some cases which are very special to a component that we are unable to utilize. Otherwise -- and some fixtures with the customers already funded us. Now these are some of the things, which we can't utilize. Otherwise, machines are totally fungible, totally. They're all the CNC machine.

Moderator: The next question is from the line of Nishit Shah, an investor.

Nishit Shah: First of all, congratulations for the good numbers. My question is already answered. Just one request, sir. Your voice is echoing. So can you use the handset, please?

Arvind Kapur: Am I clear now?

Moderator: Yes, sir, it's clear.

Arvind Kapur: Okay.

Moderator: The next question is from the line of Yash Jhunjunwala, an investor.

Yash Jhunjunwala: Just a follow-up question from the previous participant. I think what we're trying to understand is that...

Arvind Kapur: Yash, we've lost you.

Yash Jhunjunwala: Yes, can you hear me now?

Arvind Kapur: Yes, we can hear you.

Yash Jhunhunwala: Yes. So sorry. My question was like according to the last participant, he was trying to ask, are we going to spend more on capex on a new plant? Or are we going to first utilize our current capacities as well as Hosur and fix our balance sheet, repay our debt and only then go for our next round of capex?

Arvind Kapur: See, our first attempt is always to utilize the current capacities to whatever extent we can. So we try to flog all the assets that we already have. That's the first attempt. And it is wherever specialized machining is required or additional machining is required, additional operations are required, there we make investments. And the Hosur is a new plant that is coming up. And now we have been asked by Maruti and Hero and others to set up a plant close to them in Gujarat. So we're looking at the possibility, but our first attempt is going to be to deliver from here then only set up a new plant.

And whatever if at all there's a new plant which comes up, we will be shifting a lot of equipment from this plant to the other plant. That is for sure. But the investment in land and building takes place, that's what we try to avoid as far as possible.

But we only invest where required, others, we don't do it and where we are sure that the customers are going to pick up. And we are -- our Board is very particular about our debt that is there, and they want us to bring down the debt, and we are all working in that direction. And you'll start seeing the results now.

Yash Jhunhunwala: Okay. Got it. And just secondly, can you also help us like this scale up that will happen from roughly about INR2,400 crores to INR4,000 crores revenues, which OEMs are we primarily dependent upon for this scale up to be successful?

Arvind Kapur: Yes. So this one is, of course, Maruti Suzuki, then Toyota. Toyota, including Aisin and Musashi, that's all part of the Toyota supplies. And from Aisin, the supplies will also go to Tata Motors and to Mahindras and to Suzuki and to Honda also. And Knorr-Bremse is a new customer that we have. We have been supplying to them for a couple of years, and there's a very good ramp-up that's happening place for Knorr, others for exports.

And now we are also looking at the domestic market to supply to Knorr. And these are the main customers. Hero, of course, it's solely a share of business

that we keep on stealing from the other suppliers. And so it is Maruti, Toyota, Knorr-Bremse. Bosch is the other customer that we're looking at.

Yash Jhunjunwala: Tell us which, like what model for Maruti or what model for Toyota is going to contribute meaningfully?

Arvind Kapur: It's mainly the electric and the hybrid basis we are talking of where the demand is more and where the -- where technology level is also very high, and it's not that everybody can do it. So we are fortunate that we have the technology to actually get into that. But having said that, we are also supplying to the IC engines. It's both.

And then the other thing is that Maruti, they produced a lot of these engine blocks in their own plant. Now they are running short of capacity. So they are transferring that business to us to our plants.

Yash Jhunjunwala: And that will help us utilize our aluminum casting as well.

Arvind Kapur: Yes. We are very happy about that because we have machines which are lying idle.

Yash Jhunjunwala: On the aluminum casting side, right?

Arvind Kapur: Yes. And Maruti, normally Maruti, Hero and all these guys, even Tata Motors and Mahindra, they normally have dual sources of supply. And surprisingly, we are for some of the very critical components like oil pumps or water pumps. We are single source supplier to Maruti for the models that we are supplying for all the newer models which have actually come up. So that's a huge number, almost 4,000 pieces a day or 3,000 pieces a day we're supplying.

Yash Jhunjunwala: Isn't supply to Hero Motor a lower margin business like the 2-wheelers?

Arvind Kapur: Two-wheelers, see, 2-wheeler is always the lowest margin business. But 2-wheeler is one a good filler. It fills up the capacities very fast and because the numbers are very high.

Yash Jhunjunwala: But it might drag our overall consolidated...

Arvind Kapur: No. But what we do is to utilize capacity, we'd like to pick up this business so that the capacity can be utilized mainly in that without investments. So we pick up the capacity from the 2-wheeler guys and start selling. As and when we

require that capacity for some of the products, we actually reduce our supplies to them and request them to buy from other sources.

Moderator:

As there are no further questions from the participants, I now hand the conference over to the management for the closing comments. Over to you, sir.

Arvind Kapur:

Well, thank you so much, and it's always a pleasure and honor to talk to our partners, our investors. And we are very open to the questions which are asked. And if at all there are any questions remaining, please do write to us. We will certainly respond to those questions. And we'll be honest and very transparent in whatever we say.

But we thought we'll see a lot of growth taking place in the U.S. also, and we thought the tariffs will have a big impact. But fortunately, our sales are going to be increasing by almost 40% to 50% to the U.S. this year. And next year, again, there will be another increase of 50% to the U.S.

And in the domestic market also, we are getting larger share of business from both Maruti and from Hero to better utilize our current capacities. And mainly the casting area, that's what our focus is. And with Hero, primarily when we utilize our capacity, it is almost zero-investment base because we try to take the largest share. From 50%, we like to go up to 70% or 75% of supplies. So that's what we keep on working on where the investments are zero, but utilization capacity is more.

So we continuously look at that. And that's why the investment is done at the last stage where we don't have a choice but to do it. And we do it only for prime customers like BMW or GKN or Toyota. And for many others, we don't do. We actually make the customers co-invest. And these are some of the prime customers where we are making components which are of very high technology, which they make in their own plants in Japan and other places and now are willing to pass on those components to us and not to their Japanese partners in India.

So that's I think that's a big pattern of back as far as the acceptability by our customers is concerned and as far as the confidence that the customers have in us. And we'll continue to work on this direction. But let me assure you, every quarter, you see a margin improvement.



We did mention in the beginning of the year that the first 2 quarters, there will be a slight decrease in margin. But in the third and fourth quarter, you will see better increase in margins. We had mentioned that earlier also. And we still maintain that. Thank you so much, and we hope to see you soon. Please do write to us in case of any queries. Thank you.

Moderator:

Thank you. On behalf of Rico Auto Industries, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.