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RAIL:SEC:2026

February 13, 2026

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Sub : **Transcript of Conference Call held on 11th February, 2026**

Dear Sir/Madam,

Please find enclosed herewith the transcript of Conference Call held on 11th February, 2026 with the Investors.

This is for your information and record.

Thanking you,

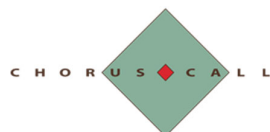
Yours faithfully,
for **Rico Auto Industries Limited**

Ruchika Gupta
Company Secretary
FCS : 6456

Encl : As above



**“Rico Auto Industries Limited
Q3 FY '26 Earnings Conference Call”
February 11, 2026**



MANAGEMENT: **MR. ARVIND KAPUR – CHAIRMAN, CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR – RICO AUTO INDUSTRIES LIMITED**
MR. KAUSHALENDRA VERMA – EXECUTIVE DIRECTOR – RICO AUTO INDUSTRIES LIMITED
MR. R.K. MIGLANI – EXECUTIVE DIRECTOR – RICO AUTO INDUSTRIES LIMITED
MR. NAVEEN SOROT – CHIEF FINANCIAL OFFICER – RICO AUTO INDUSTRIES LIMITED
MS. RUCHIKA GUPTA – COMPANY SECRETARY – RICO AUTO INDUSTRIES LIMITED

MODERATOR: **MR. AMBESH TIWARI – S-ANCIAL TECHNOLOGIES**

Moderator: Ladies and gentlemen, good day, and welcome to the Rico Auto Industries Limited Q3 FY '26 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 this conference call, please signal an operator by pressing star then zero on a touchstone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ambesh Tiwari. Thank you, and over to you, Mr. Ambesh.

Ambesh Tiwari: Thank you. Good evening, everyone, and thank you for joining us for Rico Auto Industries Q3 FY '26 Earnings Conference Call. From the management side, 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; and Ms. Ruchika Gupta, Company Secretary.

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

Kaushalendra Verma: Thank you. Very good afternoon, everyone. A warm welcome to all of you, and thank you very much for joining the Rico Auto Industries Limited Earnings Conference Call for the third quarter of financial year '25-'26.

I am Kaushalendra Verma speaking to you from our corporate office. I'm joined today by our Chairman and Managing Director, Mr. Arvind Kapur, Mr. R.K. Miglani, Executive Director; Mr. Naveen Sorot, Chief Financial Officer; and other members of our senior leadership team.

Let me begin with you a brief overview of the policy and macroeconomic environment, which continues to be supportive of the automotive sector. The union budget for FY '26-'27 introduced duty exemptions on lithium and cells and capital goods along with the incentive for semiconductors and electronics manufacturing. These measures are expected to lower EV production costs and further strengthen the automotive ecosystem.

Despite global uncertainties, India's macroeconomic outlook remains resilient with GDP growth projected at 6.4% for financial year '27, the highest among G20 nations, monetary policy remains accommodative with the RBI maintaining the repo rate at 5.25% following the cut in December 2025. Calendar year 2025 was a landmark year for the Indian automotive industry, supported by the tax relief, interest rate cuts and the rollout of GST 2.0.

Passenger vehicles, commercial vehicles and 3-wheelers recorded all-time high sales with 2-wheeler achieved their second highest annual sales. The outlook for the auto component sector has improved further following the India U.S. trade agreement, which provides professional and zero duty access for select auto components enhancing export competitiveness. Strong double-digit growth towards the end of 2025, healthy order pipeline, robust festive demand and the transmission of interest rate cuts are expected to support a positive close to FY 2026.

Looking ahead to financial year '27, the industry is expecting to grow at mid to high single digits with passenger vehicles growing 5% to 7%, 2-wheeler around 6% to 8% and commercial

vehicles, 4% to 6%, and 3 wheelers are expected to grow between 9% and 10%. EV penetration in 2-wheelers is predicted to increase to 7% to 8%. Against this backdrop, Rico Auto Industries delivered a strong operating and financial performance. During the Q3 FY '26, consolidated revenue grew by 14.1% to INR632 crores. EBITDA increased by 33.2%, with margin improving to 10%.

On a stand-alone basis, our revenue grew 25.5% year-on-year. So, for the 9-month period, consolidated revenue stood at INR1,806 crores, reflecting a growth of 7.7%. Our EBITDA grew by 23.2% and net profit more than tripled driven by strong industry demand and execution with the momentum expected to continue into financial 2027. Our revenue performance was driven by stable volumes from key OEM customers, successful launch of new programs, improved capacity utilization during the quarter.

EBITDA margin expansion reflected the benefits of internal cost initiatives, productivity improvements and better capacity utilization, partially offset by pricing pressure from our customers. Looking ahead, while near-term demand visibility remains cautious, we are optimistic about the medium- to long-term prospects of the Indian automotive sector. Rico Auto is well positioned to benefit from continued localization by OEMs, increasing content per vehicle and gradual recovery in export markets.

We remain committed to sustainable growth, margin improvement and long-term value creation for all our stakeholders. Thank you once again for your time and continued support. We will now be happy to take your questions. Thank you so much.

Moderator: Thank you very much. Our first question comes from the line of Aman from Astute Investment Management. Please go ahead.

Aman: First question is on the auto business. Could you talk about what kind of growth are we seeing for the next year?

Moderator: Sorry to interrupt you, sir, but your voice is breaking. Can you repeat?

Aman: Yes. My first question is on the auto business. Could you talk about what kind of growth are we seeing for next year? And when do we see our margins revert to, say, 11%, 12%, which we historically used to do?

Arvind Kapur: Fortunately, the tax relief were given last year, the GST and also the income tax reduction that had taken last year that is reflecting in the growth of the auto industry. And hence, the auto component industry is also benefited by that. And besides that, if you look at the agreements we've had with Europe and with the U.S., that will also help us to, because if we look at the export market, the total Indian auto component industry is not even 1% or 1.5% of total market. We need to grow and we need to participate more in the global market.

And what is happening is that China plus 1 is actually taking place. There are companies who are approaching us for developing components, which is they used to earlier buy from China and all that is happening. And we see a very good future for the company. And the advantage we see is that in some in some places like the foundry and also the aluminum die casting, where

we had surplus capacities, those capacities will start getting used, and that will reflect directly into the bottom line.

And you'll see those, and besides that, the other thing that we've added is the railways. And in the railway, the mainly the iron side, that is going to be utilized and with minimal investment, there is hardly any investment that is actually taking place except in the jigs and fixtures and also the patterns.

Otherwise, equipment is all in place. Equipment already existed with us. So there will be better utilization of our foundry. And that, I think this year, the next call that we have with you all, we would be able to talk to you in more detail as to what the future looks like because we'll have our budget also ready for the next year, but we see a good growth taking place in the coming years.

Moderator: As there's no response, we move to the next question. Our next question comes from the line of Siyaa Deshmukh from Pune e-Stock Broking Limited.

Siyaa Deshmukh: So my first question is what share of our order book is now EV plus hybrid? And the second, are we seeing better realization in EV components versus ICE?

Arvind Kapur: So we will be close to 7%. What has happened is both the IC engine and the hybrid and the EV both are growing, and we are participating in both, but the IC engine grew faster. And the IC vehicles grew faster. And so, our EV share has gone up, EV hybrid gone up to 9% of our turnover. But now it is in the region of about 7%. And next year, the growth that is taking place in the hybrid, we are hoping that there would be a double-digit growth. We can have close to double-digit or even above that.

But you must also recognise one thing that in Europe, they have relaxed the IC engines earlier, they had almost put a end to the IC engine by 2035, but now that has been relaxed. So we see IC engine growth both in Europe as well as in the U.S.

Moderator: Our next question comes from the line of Yash Jhunjhunwala, an Individual Investor.

Yash Jhunjhunwala: So my first question is actually on the railway side. In the Q2 con call, you have said that we have already started supplying some parts to railways. So has railways contributed to any part of our revenue in Q3?

Arvind Kapur: See, we were supplying indirectly, not directly to the railways, and we were supplying to companies who are supplying to the railways, but now the RDSO has given us approval for a couple of components. And we have another inspection taking place for more set of components. So this year, we will be supplying directly also to the railways.

And but having said that, there is very little contribution, but there is a contribution to the sales to the indirect sales to the railways. And I think in the second quarter of next year, we should be a regular supplier to railways directly and indirectly. And we are hoping that the revenue will grow pretty fast.

- Yash Jhunjhunwala:** So you will be, we had guided that we will do about INR60 crores to INR70 crores of revenue from railways in financial year '26. So are we on track? Or is has that been delayed?
- Arvind Kapur:** No, no, we are not on track there, but '27, definitely we'll be crossing that.
- Yash Jhunjhunwala:** Okay. My second question was actually on the commodity side because aluminum and copper prices have gone up. Are we seeing any demand-related headwinds? And what does that do to our margins? Like in our conversations with our OEM, has these prices come up? And how are these being looked at from a demand perspective?
- Arvind Kapur:** You want to take it on?
- Kaushalendra Verma:** Yes. Our RM prices is indexed with the customer. And the customer basically invests for the RM prices on a quarterly basis. And with some customers, we have on the monthly basis also. So on the RM side, if there is an increase on the RM side, it will not affect our margins. There may be a lag for some time before we get the entire recovery from the customer.
- Arvind Kapur:** But having said that, the margin , if you look at the percentage of EBITDA, that does get impacted because your sales goes up, but what we get from the customer is just that clean differential in pricing that has gone up. And that does have, so that becomes a challenge for us, and we keep on fighting with our customers on increasing our other costs as well.
- So that's a challenge that we always have but we will keep on facing it. But besides the raw materials, the labour code is the other thing that has been implemented. And we are already -- we, I think, in about a month's time, once we get all the clarification, we should be , we will be approaching our customers for a price revision there also.
- Yash Jhunjhunwala:** Okay. And lastly, if I may ask, any update on the electronic fuses that we were participating in? Are we seeing any build-up of interest there because we had participated in some auctions, I believe?
- Arvind Kapur:** There was a big tender we participated in. And that finally, the government withdrew that tender after almost 3 to 4 years, and there was a lot of excitement because we were definitely the front runners there. And the government, they have gone back to the old policy of giving it back to the public sector undertaking.
- So that is the status of the fuse. But now, again, they're coming with a policy that at least 20% or 25% should come from the private sector because they need to derisk their supply base also. So all this is happening, but you know how the government moves and how the Army moves, a very slow process.
- Yash Jhunjhunwala:** Okay. So for the time being, there will be no supplies of fuses from our end?
- Arvind Kapur:** No, no. We will, we probably supply to the PSUs who are supplying fuses to the Army. But directly, no, not at the moment. But as and when it happens, we will definitely inform you about this.
- Moderator:** Our next question comes from the line of Aman from Astute Investment Management.

- Aman:** Yes, sir. So continuing with the fuse part of the business. So in terms of trials, are we already approved or orders obviously will take time to come, but where are we in terms of trial? And are we only focusing on the -- sorry, go ahead, sir.
- Arvind Kapur:** I'll tell you what happened. There was a tender. And I remember we're holding almost INR120 crores or something of bank guarantee that we had given for a tender, which is INR10,000 crores. And so we got the samples ready and we submitted everything. The samples got tested also and everything was okay.
- And that's the time that the Army changed, the Army or the government changed the policy and they decided to fall back on to the PSUs rather than go to the private sector. So that is what has happened. So the testing and everything has been done, but the point is the order placement, the tenders were withdrawn and they were not opened.
- Aman:** That you had explained 2, 3 years back quite clearly, and it was given to the public sector companies. My question was if some companies are thinking about, say, export or they are even thinking about, say, doing other kind of fuses. One is the artillery fuse 155 mm, which I think only PFC has been given. But what I saw was there was a couple of tenders that has opened up recently for other kinds of fuses for say, lower calibre. So are we thinking about participating in that? Where are we in terms of trial for those kind of products? Whatever has happened has happened, we can't change that, but any new things, new products we are developing? That is the question.
- Arvind Kapur:** At the moment, on the fuse front, whatever our collaborators in South Africa had we were quoting those fuses but now there are other fuses that we are talking about, we are talking to our collaborators and they could give us the technology for those.
- Aman:** Okay. So we also have a tie-up with that South African company?
- Arvind Kapur:** Yes, yes. I think most of the companies have a tie up with the same company. Even the PSUs have tie up with the same company.
- Aman:** Sure, sir. Sure, sir. And sorry, I missed that part in terms of what was the growth target for next year in auto segment and the margins you are targeting?
- Arvind Kapur:** I think there will be a growth of double-digit growth definitely this year and, both in the export front as well as the domestic front. And in the export front, there are many programs which have been launched, which we have been in the process of launching the whole of this year and some of them will come into production in the first quarter and some will come in the production in the second quarter of next year.
- And there are more that are being launched, both for the domestic market as well as the export market. So we are in there, and I think the growth will be more than 10%, 12%, if not 15%. But we'll be able to give you a clearer picture in the next meeting because we are organizing our budget meeting.
- Moderator:** Our next question comes from the line of Deepak Poddar from Sapphire Capital.

Deepak Poddar: Am I audible, sir?

Moderator: Yes, you're audible, sir, but can you speak a little louder?

Deepak Poddar: Yes. So sir, on the railway front, you mentioned that now the INR70 crores, INR80 crores, we are not on track. And maybe we'll cross that in FY '27, right?

Arvind Kapur: Yes.

Deepak Poddar: Yes. So accordingly, I mean, this year, we were targeting around 26 -- hello?

Arvind Kapur: Carry on.

Deepak Poddar: Yes, so we were targeting around INR2,600 crores. So how would that change, and given that railways will be short?

Arvind Kapur: It's very close to that, but we will not be touching that figure. That is one. It's not only because of the railways, we did better on the component side as far as the domestic part is concerned. But at the export side, because of Mr. Donald Trump, we had some tensions were there, but even though exports to the U.S. went up, they would have gone up much more than this.

And so the market has been mixed this year. So what we lost in the railways, we did cover up a lot in the other side, in the tool side, especially. But let's say, now with the railways will certainly add on to our turnover next year. That's for sure.

Deepak Poddar: And what sort of revenue we are targeting in railways in next year?

Arvind Kapur: Internal target is very high, but we'll say 50-60 now.

Deepak Poddar: Come again, sir?

Arvind Kapur: Our target is much higher, but we are talking -- we are committing about INR60 crores -- around INR60 crores this year, INR60-65 crores.

Deepak Poddar: 60, 65, what, for next year, FY '27?

Arvind Kapur: Yes, yes, yes.

Deepak Poddar: INR60 - 65 crores in railways, right?

Arvind Kapur: Yes, it will be higher.

Deepak Poddar: That's fine. I mean conservatively, you can say that is what we are looking at?

Arvind Kapur: Because the items that we are producing, we are selecting items where the least investment is there and maximum utilization of capacity is there. So that will help to improve our total bottom line also.



- Deepak Poddar:** Okay. I got it. And now on the margin front, I think in the last call, we had said a margin of 12%, 13% by 4Q, but we are still far away from it?
- Arvind Kapur:** Yes, we are not there, but we will get there. We have a very clear path on getting to the margin of 13%.
- Deepak Poddar:** So 13% EBITDA margin, so what's the timeline we can consider now? I mean this 12%, 13% of our EBITDA margin now, I mean, in next 2 to 4 quarters if not in this fourth quarter?
- Naveen Sorot:** So in this Deepak, there are a couple of things to look into. I guess one is the commodity is quite volatile. Though we are getting it transferred and settled with the customer, but because of the denominator effect, the percentage will go down. So it is very difficult to say that when exactly we are going to achieve 12% to 13-odd percent.
- Yes, there is an improvement in the business that we are already seeing. I guess there is a good amount of traction in auto sector per se in any case. So we are not dependent on any of even the allied businesses like defense or railway when we are saying there's a good amount of traction that we are looking in our business subsequently as well.
- So this year, if you recall, we have already done INR1,800-odd crores till December. And I guess by the time we close this year, we'll be somewhere around INR2,500 crores. For next year, we are already concluding our budget exercise, maybe by the time we hit next quarter, I guess we'll have most of those numbers handy with respect to the kind of top line that we are targeting and what is the kind of bottom line that we are looking at. I guess if you look at even 9 months that we have done for current year, I guess, EBITDA margins are hovering at around 9.6%, 9.7%. And this is on an inflated base as well because as aluminum prices have risen in current year as well.
- So I guess EBITDA in terms of percentage more of a theoretical number than practical, but yes, if you look at overall, the numbers are improving. EBITDA in terms of value is improving, and so is the top line.
- Deepak Poddar:** Okay, okay. I got it. That's very clear. And when we say these margins of 12%, 13%, we include other income, right?
- Naveen Sorot:** Yes, it is. But if you look at even our current numbers, the contribution of other income is it's coming down. So when we are targeting a much improved EBITDA number, this is without any reliance to other income.
- Deepak Poddar:** Correct. Correct. And what is the tax rate one should look at the company level?
- Naveen Sorot:** 25%.
- Deepak Poddar:** 25%, right? Okay, but this quarter, your tax rate were higher because of -- a little higher, right, in this quarter?
- Naveen Sorot:** Because of the deferred tax, but overall it will be in and around 25% because we have shifted to the new regime.

- Deepak Poddar:** Okay. And just one last thing, in terms of revenue, I mean, you mentioned that we will kind of look at after fourth quarter. But I think we had said earlier, the INR3,000 crores plus is what we might be targeting for FY '27. So would there be any material change on that?
- Arvind Kapur:** That is what we will plan for the next 3 to 4 years. And those are the figures we have quoted on there, but a lot has changed and let's see what happens, and I think we might do even better.
- Moderator:** Our next question comes from the line of Akash, an individual investor.
- Akash:** So my question is regarding the interim U.S. India trade deal. So with the tariffs coming down to 18%, what is the amount of savings that Rico would be able to retain as margin versus passing it on to the U.S. consumers? And second question is regarding the special 0% duty that the commerce minister talked about. So what percentage of Rico's specific product mix qualifies for this duty, if you have any clarity on that?
- Arvind Kapur:** See, on the tariff front, whatever reduction has been given, but firstly, I must appreciate our customers, all the customers in the U.S. we requested them for the total price increase, the total tariff to be transferred to us, they all accepted, they all agreed. And so now in full honesty, we will return whatever tariffs have been lowered, we will return it back to the customer. So there won't be any additional profit because of that, but we are hoping to get better business, we'll be able to compete better with -- against China and the other countries around us.
- Akash:** Okay, sir. That helps. And second question was regarding the specific product mix of Rico that qualifies for the special duty that the commerce minister was talking about.
- Arvind Kapur:** Yes. There is, we are still seeking clarity on that. And once we get the clarity, we'll be able to answer that question better. At the moment, there is a little confusion there.
- Akash:** Okay, sir. Understood.
- Arvind Kapur:** But having said that, let me tell you that earlier, the duty that we were paying for most of the components that were being exported to the U.S. before the tariff business came in, it was close to about 3-point-some-odd percent. The 2.75% was the duty and some other taxes. 3.2% was the total percentage.
- So we were exporting our goods to the U.S. at 3.2% then the tariffs came in. But the tariffs also was applied to China, Vietnam and all the other countries who we actually compete with. So then the differential was that when we were paying 25%, Vietnam was 19%, China was about 33%, 34%.
- So we still had an advantage there because over Vietnam, definitely because we have the capacities to supply and we also have the confidence of the customers that we can supply. And while discussing the customers who agreed to -- all of them agreed to pay us the additional tariffs that were done, but they were very, very confident that in 6 months to 1 year time, these tariffs will come down and they'll normalize, so we all worked on that direction.



So it's mainly the confidence that the customers have on us that we continue doing our business, and we'll keep on expanding our business with our customers. So we have been supply at 3.25%. And now today is 18% plus 3.25%, we will continue to supply because of our relationship with the customers and the confidence of the customers.

Akash: And if my understanding is correct, the tariff will be passed on to the customers?

Arvind Kapur: Absolutely, because they paid us for it and we are in all fairness, we will pass it on to them.

Moderator: Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Kaushalendra Verma: Well, once again, thank you so much for joining the call. And we are confident enough that the Q4 will also be very promising for us going forward. And in the Q4 also, we are going to launch a couple of new programs, which will have their peak revenue in the subsequent years. And with respect to the question related to the growth and the EBITDA margin and profitability, we will be coming back to all of you in the next conference call when we complete our internal exercise, complete budget business plan. Thank you so much.

Arvind Kapur: Fortunately, the market is good, and there's a lot of buoyancy and a lot of excitement in the market and amongst our OEMs as well as the customers also and the customers are not only in the cities, but also in the rural areas. So there's a total growth that is taking place, and we wish and hope that this continues.

Kaushalendra Verma: Thank you so much.

Arvind Kapur: Thank you so much.

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