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Sub : **Transcript of Conference Call held on 9th February, 2024**

Dear Sir/Madam,

Please find enclosed herewith the transcript of Conference Call held on 9th February, 2024 with the Investors.

This is for your information and record.

Thanking you,

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

B.M. Jhamb
Company Secretary
FCS : 2446

Encl : As above



Rico Auto Industries Limited Q3 FY24 Earnings
Conference Call

February 09, 2024



MANAGEMENT: MR. ARVIND KAPUR – CHAIRMAN, CEO & MD
MR. KAUSHALENDRA VERMA – EXECUTIVE DIRECTOR
MR. R.K. MIGLANI – EXECUTIVE DIRECTOR
MR. RAKESH SHARMA – CHIEF FINANCIAL OFFICER
MR. B.M. JHAMB – COMPANY SECRETARY

MODERATOR: MS. HAZEL RATHOD - S-ANCIAL TECHNOLOGIES
PRIVATE LIMITED



*Rico Auto Industries Limited
February 09, 2024*

Moderator: Ladies and gentlemen, good day and welcome to the Q3 and 9M FY24 Earnings Conference Call of Rico Auto Industries.

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 “*” then “0” on your touchtone phone. Please note that the conference is being recorded.

I now hand the conference over to Ms. Hazel Rathod from S-Ancial Technologies Private Limited. Thank you and over to you, ma’am.

Hazel Rathod: Thank you Tushar. Welcome to Rico Auto Industries Q3 and 9M FY24 Earnings Conference Call.

From the Management, we have today Mr. Arvind Kapur – Chairman, CEO and MD; Mr. Kaushalendra Verma – Executive Director; Mr. R.K. Miglani, Executive Director; Mr. Rakesh Sharma, Chief Financial Officer; and Mr. B.M. Jhamb, Company Secretary.

Now, I request Mr. Kaushalendra Verma to take us through the key 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. Good afternoon and welcome all to Rico Auto Industries Limited Q3 FY24 Earnings Conference Call.

My name is Kaushalendra Verma, and I am sitting here in Rico Auto Corporate Office board room with all my colleagues.

Let me begin with the Industry and Economic Outlook. GDP growth has been projected above 7% for the current financial year. Inflation is at a manageable level and is expected to come down to 4.5% in FY24-25 from 5.4% in FY23-24. The automotive component industry has shown resilience and will succeed despite the current supply chain assumptions and the continuation of geopolitical situation. The growth is particularly strong in the vehicle segment and expect to continue to expand in the coming years. As a company, we are strong in all the three segments. Rico stands to benefit from the trend and had ample opportunities for growth and expansion. Till December’23, we have booked new business worth INR 1,000 Plus crore which translates into peak annual revenue of INR 225 crore per annum. At a group level including our subsidiaries and the joint venture company, we have recorded a revenue of INR 528 crores in Q3 and EBITDA of 12%. In Q3, our revenue has been impacted primarily on account of the less pull from one of our customers and the yearly shutdowns at the customer end.



The company's growth has been supported by innovation and business development. To end, we are pleased with the financial results and optimistic about the future and the auto industry's growth.

We would also like to inform you that, we have been awarded the "Three Star Exports" Status, we have been recognized by the 'Three-star rating' for our good contribution. Our continuous focus is on profitable growth and for that, we have been doing a lot of things to bring down our cost structure primarily with the manpower and the output.

We are also focusing on basically going away with the old low-volume programs, with the program life has been ended and we still supply some less quantities to our customers to free up our existing capacity for the recently awarded new businesses so that we can have less Capex outflow.

With this, I would end my communication and request to open the questions and answers session. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: So, first of all, I just wanted to understand in terms of revenue impact and what's the problem of one of the customer you mentioned, and the yearly shutdown, so can you elaborate more on that?

Kaushalendra Verma: Yes. The Quarter 3 revenue has been impacted on account of the less pull from one of our customers 'Renault Nissan', they have given us the half forecast, but they did not pull the material as per the forecast given to us and in the year-end we do have the yearly customer shutdown at most of our customers, that has also basically really impacted the Quarter 3 revenue.

Deepak Poddar: Okay. But generally, this shutdown is an annual process, last year also we would have had such a shutdown right?

Kaushalendra Verma: Yes, you are very right, it's there but what happens is that normally, the shutdown customer try to pull the more material before the shutdown for the monthly requirements. But this time, we have seen that the pull was less as compared to the forecast.

Deepak Poddar: Okay, understood. And what's the status with the 'Hero', we were looking for some price correction with Hero, so with a few of the parts. So, what's the current status in that?

Kaushalendra Verma: Yes, we are pleased to inform you that we have concluded our price increase request with Hero and we have received all the increase purchase orders for all the components for which we have requested the price increase and that has been concluded.



- Deepak Poddar:** Okay, so for all the products?
- Kaushalendra Verma:** For the products for which we have requested them, yes, but there are other components on which we are also discussing with them.
- Deepak Poddar:** Okay. Understood, so the uptake for Hero has it been normalized as we speak now, when was it concluded and when do we expect the normalization to happen in terms of uptake to Hero?
- Kaushalendra Verma:** After the price increase request concluded, we started pushing our material to Hero. And this quarter if you see that our two-wheeler revenue is in line with the industry growth.
- Deepak Poddar:** Okay, understood. And for the entire year as we speak about growth, we were targeting about INR 2,600 crores revenue and given now what we have done in nine months it looks very highly unlikely. So, what would be our revised revenue that we see this year?
- Kaushalendra Verma:** Based on the ninth month and the next three months forecast we see that our revenue will be close to INR +2,300 crore this is mainly because they are not considering the defence, if my defence supplies will start and SOP will happen then definitely it will be much better.
- Deepak Poddar:** Okay. And what about next year FY25?
- Kaushalendra Verma:** We are in the process of making our budget, we are taking the forecasts from our all the major customers, and we are in the budget preparation cycle and we will be more than happy to. But we are targeting 15% growth year-over-year revenue growth in the next financial year.
- Deepak Poddar:** 15% growth. So, in earlier communication, we have said that next year we are targeting about INR 3,000 crores. So, there also we are seeing some decline as compared to what we have earlier communicated?
- Kaushalendra Verma:** Basically, currently we are talking about purely the automotive if there will be, we are working which includes the defence revenue and we have been concluded some different posits. The only thing is that, once the SOP will start only then we can count on that revenue.
- Deepak Poddar:** Okay. So, defense, we have got any orders, so that is what I was next I was trying to understand in terms of defense, what's the update have we got any orders out there?
- Arvind Kapur:** We do have the orders from defence, and we are processing those and hopefully we should be able to deliver some this year and be able to build this year. But this is the first time it's happening. So, it depends on the quality checks and the other issues and

all the formalities that we are going through. So, that we are very excited about. And now, the only thing is that till everything is done it's not done and so, we are not including the defence orders as yet.

Deepak Poddar: Okay. And what would be the quantum?

Arvind Kapur: Quantum, we are talking about defense it ranges, this year we are talking close to about INR 100 crore but it depends on the billing, but next year.

Deepak Poddar: Next year FY25?

Arvind Kapur: FY24.

Deepak Poddar: In FY24 INR 100 crores of defense revenue right we are targeting?

Arvind Kapur: That is what we have removed at the momentum otherwise we would have touched INR 2,400 and we removed it because, we will have the good ready but the shipment whether that takes place is big, we are pushing it with the defense people. And the scope that is there for the coming years is close to about INR 300 -400 crores that could be added. But we are still on it, till it comes in our hand we will not announce it.

Deepak Poddar: Okay. So, here I am really confused, where we are stuck since we are working on this order, so are we executing it and there is some approval or check or system where we got stuck or because of which we are not able to deliver?

Arvind Kapur: The first one is the first time we are executing those orders and those orders they go through the cycle of the quality checks and they have the defense department and someone inspected. So, that cycle, we are a little uncertain whether we will be able to complete it, but if it is completed of course we are going to do the billing.

Deepak Poddar: Okay, so it might spill into next year, this order?

Arvind Kapur: Yes, it might spill into next year, that's the reason we are not adding it right now.

Deepak Poddar: Sir, and just last thing, in terms of margins how do we see that, we have seen some improvement in margins this quarter. So, what would be our outlook for the Q4 and FY25, that would be from my side?

Arvind Kapur: We have been working on this and as we have said earlier every quarter you will find some improvement taking place. That's the clear thing, there is a lot of work which are happening on the Renault Nissan front also we have drawn a lot of footprint out of whatever investment we have done for them, because for the quarter-to-quarter their sales have been coming down. So, we have removed a lot of equipment which can be utilized for all the new orders that we have received.

- Deepak Poddar:** Okay. So, this 11% margin is what can be considered as a base and we look to improve upon that particular number going forward?
- Arvind Kapur:** Certainly, you will find a better number next quarter.
- Moderator:** Thank you. The next question is from the line of Kabir Shah an Individual Investor. Please go ahead.
- Kabir Shah:** So, I believe the debt repayment for this quarter was INR 50 crores. So, just wanted to understand from your perspective, how does this debt guidance go ahead and like what is the repayment schedule over the coming quarters and is there any incremental debt we are planning to take or how is it going to be offloaded?
- Rakesh Sharma :** Mr. Shah this INR 50 crores reduction is during the nine months not during this quarter. As far as repayment is concerned, we have made repayment of INR 70 crore till now and by the year end it will be in the range of INR 85 crore that we would have paid and similar amount we will be repaying next year also, so this downward trend in debt will continue and so that is why we have mentioned that.
- Kabir Shah:** Okay. So, over this repayment schedule, we aren't planning to take on any fresh Capex over the foreseeable future?
- Rakesh Sharma:** See, our kind of business we may have some requirements for some Greenfield project. If some new business comes to that extent, so if that is the case we will go for new debt also if required, but otherwise we are not planning any new debt and we are in the phase of reducing our debt quarter-on-quarter.
- Kabir Shah:** Okay. And just in case if there is any opportunity arising in the greenfield side like you mentioned, how much would be the corpus of debt just in case that opportunity arises?
- Arvind Kapur:** There are two things, one is we have been able to free a lot of equipment from the current components that we are supplying to our various customers. One is like Mr. Verma had mentioned, this is the old small orders which are left with us which we have discontinued, that have opened up and we are also freeing a lot of from Renault Nissan projects. And that extent will help us to cover up almost INR 70-80 crores of investment that was required to be done for another project for Toyota. And that we have been able, we didn't need to fund that at all and the equipment could be pulled up from the current. So, similarly, the orders were renewed, orders which are coming those we are trying to get through our current equipment whatever we are free from various. With the equipment and also the various programs which are coming down but a greenfield project might need to come up somewhere soon which we are actually scouting for Lancer, we have been asked by Toyota and their ancillaries to set up a plant close to them. So, we are studying that possibility.



- Moderator:** Thank you. And the next question is from the line of Sushant Verma a Retail Investor. Please go ahead.
- Sushant Verma:** I guess the numbers this quarter are better than last time, last time was more of a shocker. And we all know the reason. But do you see that, based on this quarter's assessment do you anticipate a better financial year next year as far as the auto industry is concerned?
- Arvind Kapur:** Yes, suddenly we find there's a lot of traction there, and fortunately it is also going to be more expensive models.
- Sushant Verma:** Okay. So, that's good to know and the second related question would be, since you have mentioned about, Mr. Verma mentioned about the negotiations with Hero have been taken care of and everything is sorted. So, does that mean it's more business or was the quantum of business compromised during the negotiations?
- Arvind Kapur:** It was more business.
- Sushant Verma:** Okay. So, that essentially should mean that our margin is likely to have a positive impact going forward, is that a fair statement?
- Arvind Kapur:** Yes, certainly.
- Arvind Kapur:** Every quarter you would see the change.
- Sushant Verma:** No, that I understand you have to present the overall picture, I was specifically talking about it, because last time you did mention that it was stuck, the negotiations were going on so not concluded. So, that's the reason, I had that question. Then the last question is about the defense deal itself. You said it's a 10-year agreement, if I'm not mistaken?
- Arvind Kapur:** No.
- Sushant Verma:** So, what is the transfer of technology? Can you elaborate please?
- Arvind Kapur:** One minute. You are referring to the previous tender that we had applied for. That was a INR 10,000 crore tender and later on reduced for defense to a budget count INR 7000 crore. And that tender got withdrawn after four years. That was a INR 10,000 crore that we had; you are probably referring to that. But what I'm referring to you now is that the items that we are going to be producing these ranges, etc. This is I would say about INR 300 -500 crore turnover businesses for which we are very aggressively bidding, and we are right in the forefront.

- Sushant Verma:** Okay. So, maybe just to correct my understanding, since I probably mixed it up. You are talking about the transfer of technology, through the AAN Engineering Industries, Subsidiary, is that the deal that you are talking about or am I still getting mixed up?
- Arvind Kapur:** That too, and plus also there are other businesses which have been won and which we are executing at the moment.
- Sushant Verma:** No, so I'm specifically wanting to know about the TBRL agreement that you had, the licensing agreement, which says agreement is for 10 years. That was the update which you had shared.
- Arvind Kapur:** That is a 10 years agreement, technology.
- Sushant Verma:** So, what is the quantum of business that we are likely to get from that arrangement?
- Arvind Kapur:** It's a bidding process, the total business we look at over 10 years could be in the region of INR 6,000 -7000 crore and even more than that. Those are the estimates that have been given to us. And we of course are going to bid for those.
- Sushant Verma:** Okay. And that could be a probable reason, in case we win more within that, then that would lead to higher revenue for the whole year correct, that would be a fair assumption?
- Arvind Kapur:** Then the whole thing changes.
- Moderator:** Thank you. The next question is from the line of Rutu Chavan an Individual Investor. Please go ahead.
- Rutu Chavan:** I just wanted to understand the DRDO deal-in better so, can you shed some light on the same?
- Arvind Kapur:** I will ask my colleague, Mr. Ish
- Ish Mohit Pannu:** So, with DRDO the TOT is for a product called 'Baffle Range'. And it's specific to that, and Baffle Range is really a range which by definition means that requires less of an area. So, DRDO being a research and development organization, they through the year ongoing have multitude testing of products criteria, the product can be anything and that's specific to them what they test through the year. So, anything which can be tested due to the sheer number in a smaller area and can be catered it would have a higher turnaround time and that is a TOT to a manufacturer such a Baffle Range.
- Rutu Chavan:** Okay, understood.

- Arvind Kapur:** We are going to set up one of the Baffle Ranges in one of our plants and you all are free to come and see here and visit it.
- Rutu Chavan:** Also, what is the total order book that we have in our books right now and the execution time?
- Kaushalendra Verma:** For defense or for the automotive components?
- Rutu Chavan:** For defense.
- Arvind Kapur:** See the order for defense at the moment is about INR 200 crores which is in hand and the others are in the process of bidding and this is the ongoing process and once the delivery starts then of course this will keep on multiplying. This is not part of the Baffle Ranges, these are over and above that.
- Rutu Chavan:** Also, one last question in terms of domestic sales and export. So, I just wanted to understand what is the split that the company is expecting in FY25?
- Rakesh Sharma:** Normal this split in our case has been around 27%-28% of our export.
- Rutu Chavan:** So, is it expected to remain the same?
- Rakesh Sharma:** Yes, by the year end it will remain around this level by this year.
- Arvind Kapur:** He is talking of next year.
- Kaushalendra Verma:** Next year, it will further improve.
- Kaushalendra Verma:** Definitely there will be an improvement in the share of business of next year. Because we are in the process of launching a couple of programs for the export customer, which will go into the SOP by the mid of next year.
- Arvind Kapur:** Having said that, we have also won a lot of domestic businesses which will also be launched. So, we are bidding for both ends, both domestic as well as exports. So, at the moment, it is exports which is where we won a lot of businesses.
- Moderator:** Thank you. The next question is from the line of Neha Sharma, an Individual Investor. Please go ahead.
- Neha Sharma:** So, I have just one question what is the outlook of the defense, where do you see the business going ahead?
- Arvind Kapur:** The Government of India is promoting a lot of localization, and they want Made in India, that's what their target is. And so, there are lot of opportunity which is coming up and

we are in it and we have been selected by various, so they can promote our company to get into better, and more and more defense deals. So, a lot is happening there. But, till it's done we are unable to commit as to what, how much business will we get. So, as it gets done, probably next quarter, we might be able to give you a little better idea of the business that we are getting into immediately and also what are the businesses we are targeting for the future.

Moderator: Thank you. And the next question is from the line of Sushant Verma a Retail Investor. Please go ahead.

Sushant Verma: I have joined in again, after asking the first set of questions. The Lok Sabha elections, is that likely to impact the awards or whatever the projects which will get rolled into, rather rolled up. So, do you think that is going to have an impact, is there?

Arvind Kapur: Are you hindering that if there is a government change, will that affect?

Sushant Verma: No, not government change. No, that's not what I meant. I said that when they announce the dates usually there is a cool off period they cannot issue any new orders or whatever. So, is that likely to impact our projections?

Arvind Kapur: There are two, one is a tender business that comes out and then there are other which are what you call them.

Arvind Kapur: Revenue and capital procurement.

Arvind Kapur: Yes, but they direct try to do. So, that doesn't stop that continuing.

Sushant Verma: So, it's only the new business tender process which will be impacted because of the, but not the existing ones. Okay. so that was the clarification which I wanted. That's why I rejoined. Thank you.

Moderator: The next question is from the line of Harshil Solanki from Equitree Capital. Please go ahead.

Harshil Solanki: One question on the artillery fuses. So, we were expecting the tenders to come out in some months. So, where are we on that figure. And Bharat Electronics won INR 5,000 crore order for fuses in December. So, is it, it or more tenders are expected for this, any clarity on this?

Ish Mohit Pannu: So, electronic fuses is a huge requirement by the year. And for the last may be 4-5 years the entire directive was for apart from DPSU which were participating for private companies to get into that endeavor has been carrying on. Which after four years wherein it was quashed for whatever reasons the government thought, and as of right now, so when you say Bharat Electronics, that's again, a DPSU that is still sufficing with

this ongoing need on a yearly basis, which was led by the army, but the entire Indianization and the entire directive for private companies to get into it for whole lot of positive reason. That drive is still on, and we look forward to actually hearing on a positive note on the next opportunity on that.

Harshil Solanki: Okay, got it. So, the INR 10,000-crore opportunity has shrunk or it is still present for the private player?

Arvind Kapur: If you look at the fuses their opportunity is more than INR 10,000 crore. But that tender in particular that we were discussing that tender that has got withdrawn, that has got scuttled. And now what is happening is, it is on a yearly basis that the orders have been given to these PSUs.

Ish Mohit Pannu: We see that the opportunity was over 10 years but obviously a demand has been created for every year. And there is no private company which has really gotten into that need, which is what the government was endeavoring to do for the last four years as we speak there is no private company and we were one of the four leaders in actually leading that with having everything tied up for delivering that product. So, as we speak, we are still hopeful for actually being the first company will actually be able to continue. As of right now, the DPSU has to meet that ongoing need of the army which is on every year. And that is something we have been doing for the last 15-20 years with a status quo.

Arvind Kapur: So, in one of the meetings, I mentioned that if we don't get the order directly, we will become separate and so they will have to come to us in any case, so that that process is also on and we would be supplying some components to these companies. Which we are not happy about, we would like to have the complete fuses in any case.

Harshil Solanki: Okay. Just one last thing, in future also if the private player get any contract so it would be annual and not 5-10 year single contract, is it right?

Arvind Kapur: So, they will have to ensure a little longer period reason being, that there are investments involved and we cannot give it only for 1 year, we will have to give for at least 2-4 years.

Arvind Kapur: But, for the fuses it's an ongoing demand, this will continue. In fact, for the last 2-3 years, the army actually was running short of fuses because of this tender which was supposed to come out and for some reason or the other it got scuttled.

Moderator: The next question is from the line of Rohan Desai an Individual Investor. Please go ahead.

Rohan Desai: Just wanted to ask that, can you just tell me why is your performance flat on Y-o-Y basis?

Kaushalendra Verma: The number one reason is that we restricted our supplies to Hero because of the price negotiation which was going for the first two quarters. So, now we have got that settled, and we are pushing our sales to them that's the thing. And the second, as we mentioned earlier also in this call that we have basically the struggling with the supplies for one of our customers primarily with Renault Nissan, because of the less pull, what we supplied last year or forecasted for this year, there is a tremendous drop in the forecast as versus the actually supplies, less than 50%.

Arvind Kapur: But we are taking advantage of this, and we have pulled out all the equipment, most of the equipment and we started utilizing for all the new orders that we have, new launches that are happening.

Kaushalendra Verma: And also we have started pushing our sales to Hero. So, whatever best we can recover in the next three months, we you can do that.

Moderator: Thank you. And the next question is from the line of Mr. Verma, an Individual Investor. Please go ahead.

Kaushalendra Verma: Just a couple of things, basically what I am asking is like, we need to probably improve on the communication on the estimations that we provide, because for the last 3-4 quarters, we are actually underperforming on what we were estimating. So, going forward, probably we may need to be a little bit careful on that. Because the market is expecting something and we are not reaching expectations, which affects retention for the platform. That is one thing I want to highlight. And the second one is the margin improvements, basically because of the commodity price reduction or its operational efficiency. Because if it is operational efficiency then going forward also we can see the same margins. If it is a commodity related then probably no changes, we can go back to the 9% that we get.

Arvind Kapur: No, it's mainly because of operational efficiency. And if you see our labor cost, manpower cost and we are still working on it by March you will see further improvements.

Kaushalendra Verma: Okay. The problem is, operational expense then it will be per month so that is the reason I wanted to get confirmation. And the second one is like the defense one, many of the participants already asked actually, just for clarification like Baffled Range and system like how many tenders usually the Government release per annum, not about how much is that just per annum like how much should they usually release as per BRF?

Arvind Kapur: One minute, the items that we are making, they go to Navy, they go to Air Force, they go to the Indian army, they go to BSF, they go to CISF. So, all these organizations, they have a demand for these. So, we will be supplying to all of them.

Kaushalendra Verma: Okay. And the last one is, do you think any improvement with the Renault and Nissan side, because I am a longtime investor since last 10 years I am attending these calls. Pretty much every other year we have some difficulty with Renault side in terms of the revenue and it's pretty much unpredictable business with them. So, hence onward which is the action, do you think it's really to mention?

Arvind Kapur: We are not very confident of Renault Nissan actually doubling their requirement. So, that the reason we pulled out the equipment's so that we can utilize it elsewhere. And because they kept on insisting that we keep the capacities alive. But now we have told them that we are withdrawing all the capacities, so wherever we require them, we are going to utilize them. And because our machines are fungible, they are totally flexible. So, we can actually shift them without much investments.

Kaushalendra Verma: Okay. And is there any kind of disruption in shipment because of the Red Sea conflict that were are ongoing, if any cost increase in the shipments that we do to US and Europe?

Arvind Kapur: Yes, the time taken to reach Europe and the US that has gone up by almost two to three weeks. And the shipment cost is obviously higher. But there's no premium freight like we had done in the past. We were lifting goods by air and all that, that is not happening. We were fortunate we had enough at the sea, and also in our warehouses in Europe as well as in US. So, we are very comfortable there and we are okay. And just to add a point here, whatever the extra freight we have already started telling the customer and we have negotiated with them to get the extra freight from them.

Kaushalendra Verma: Okay. Just one last thing, I just want to highlight. Going forward it will be great if you can actually the projections and all a little bit careful.

Arvind Kapur: Mr. Verma we have noted that, and we will be very transparent in whatever we are communicating.

Kaushalendra Verma: Yes, I don't think that we are not transparent but the production side probably we need to work a little bit more in the kind of case that is going to happen or not that's what I felt there.

Arvind Kapur: Our projections are based on back-to-back on our customers. And sometimes the customers let us down. And then I'm like, we did try to cover up by selling to the other people which we are still pushing a lot. Because next year, we have actually discounted Renault Nissan a lot and we have shifted the capacity, and we are counting a lot on other customers, and we are pushing a lot there.

Kaushalendra Verma: Okay. Because, since the last 10 plus years in this company, just want to push it to reach new heights but we are actually stuck in the same thing in terms of revenue and profits, that two are the only concern. Anyway, thank you very much for the hard work



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everyone is doing and no need to disrespect anyone. I just want to highlight the concerns. Thank you very much sir.

Moderator: Thank you. And the next question is from the line of Mihir Thakker from Prithvi Finmart. Please go ahead.

Mihir Thakker: Is there any update on the land sale that you were looking for?

Arvind Kapur: We have 2-3 companies working on it. At the moment nothing solid which is in our hand but it is in the market.

Mihir Thakker: Okay. And just wanted to add on to the previous participants comments regarding the communication of the guidance, like in the previous quarter also you were sure that you are going to achieve a INR 750 crores of revenue just wanted to say that to be more transparent in terms of communicating the guidance and are you sure like for this quarter also you are guiding INR 800 crores of revenue, it could be achievable like we are sitting in the middle of the quarter?

Kaushalendra Verma: As we communicated now, we are targeting the current forecast looks like we will be doing INR 2,300 crore worth of sales, excluding defense and whatever we will achieve in defense that will be add on to the INR 2,300 crore.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to the management for closing comments.

Kaushalendra Verma: Thank you everyone and as we discussed and clarified that we are working really aggressively on the cost reduction front and trying to basically launch the new programs to enhance our revenue. And as mentioned that you will always see some improvement going forward, improvement on profitability. Thanks, everyone. 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.