



Alicon Castalloy Limited
Q1 FY26 Earnings Conference Call Transcript
August 08, 2025

Moderator: Ladies and gentlemen, good day, and welcome to Alicon Castalloy Limited's 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 '*' then '0' on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mayank Vaswani from CDR India. Thank you, and over to you. Mr. Vaswani.

Mayank Vaswani: Thank you, Yusuf. Good afternoon, everyone, and thank you for joining us on Alicon Castalloy Limited's Q1 FY26 Earnings Conference Call.

We have with us on the call today, Mr. Vimal Gupta – Group CFO and Mr. Shyam Agarwal – Chief Marketing Officer of Alicon Castalloy Limited.

Mr. Vimal Gupta will provide an overview of the operating and financial performance for the quarter and following which Mr. Agarwal will walk us through the developments in global markets and insights on domestic business. Thereafter, we shall open the call for the Q&A session.

Before we begin, I would like to point out that some of the statements made in today's call may be forward looking in nature, and a disclaimer to this effect has been included in the earnings documents that have been shared earlier.

I would now like to hand over the call to Mr. Vimal Gupta for his opening remarks. Over to you, sir.

Vimal Gupta: Good afternoon, everyone. And welcome to Alicon Castalloy's Quarter 1, FY '26 Earnings Conference Call.

I will start with some exciting developments that reflect our commitment to growth. There have been two recent additions to our senior leadership team. Mr. Manish Kapoor has joined us as our new Chief Operating Officer (COO). His extensive industry experience of over 30 years and strategic acumen will

be instrumental as we continue to enhance our operational capabilities and drive forward our growth agenda.

Further, Mr. Harshvardhan Gune joins us as Head of DAR, which is the Defense, Aerospace and Railways Vertical. Mr. Gune has over 30 years of experience in the industry and will be spearheading our efforts to build our business from defense, aerospace and railway industries. Together, these two appointments mark a significant step in strengthening our leadership team and expanding our management bandwidth to seize new opportunities and accelerate growth.

Turning to some of the key developments in global industry:

This quarter has been marked by a complex and dynamic operating environment. Globally, we are navigating volatility, while domestically market signals remain mixed. One of the most impactful recent developments has been the announcement of new tariffs by U.S. On Wednesday, a 25% tariff on goods imported from India was confirmed along with an additional 25% penalty tariff for trade involving Russia, effectively 50% tariff.

These measures rolling out from August 7th and August 27th have prompted widespread cautions across industries with global supply chains. Anticipating these changes, customers have already begun reassessing purchasing decisions and re-evaluating supply chain strategies awaiting clarity on specific rates.

As a result, we have already experienced a slowdown in demand from our export customers in U.S. and Europe. And with this announcement, there is likely to be further impact as customers will now respond to the implications of these announcements.

The other significant global development has been the restriction on exports of rare earth materials by China. While China is stating national security concerns as the key reason, it is believed that this is largely a response to the increased U.S. tariff on China. Our discussions with customers indicate that China has introduced complex procedural requirements and extended clearance processes, thus elongating the time period of shipments of rare earth materials for even genuine players.

The impact is most adverse for supply of magnets for motors and towards requirements of EV players. OEMs are now urgently exploring alternative sources and technologies to reduce or replace reliance on these materials. These supply chain disruptions are already causing production delays and shutdowns, with the effects expected to intensify in Q2 and beyond.

We expect these recent global developments to primarily affect short-term demand. While the evolving landscape may present new opportunities, initial

disruption in both demand and supply are likely and early signs of this are already visible in the current quarter.

Now let's turn to our performance for Quarter 1 of FY26:

We have reported revenue of Rs. 419 crore in Quarter 1 of FY26. Revenues are lower by 5% year-on-year compared to Rs. 440 crore in Quarter 1 of FY25. However, the operating backdrop in Quarter 1 of FY26 was very different compared to Quarter 1 last year. Our year-on-year performance reflects both the challenges we have faced and the strategic resilience we continue to demonstrate.

On a sequential quarter basis, revenues are lower by 2% from Rs. 425 crore in Quarter 4 of FY25 to Rs. 419 crore in Quarter 1. Again, with the operating challenges having intensified in Quarter 1, we are pleased with the resilient performance. We have overcome headwinds by ramping up volumes with some existing customers and with the addition of couple of new logos.

The appropriate way to look at our performance is that there has been a significant bounce back from the sudden dip in Quarter 3 of FY25 and Aicon is stabilizing the trend of revenues of over Rs. 400 crore per quarter once more.

Our gross margin for the quarter was 45.9%, a decline of 165 basis points from 47.5% in Quarter 1 of FY25. This was due to a combination of price increase of aluminum and change in the sales mix, given the dip in export volumes. Additionally, our new technologically advanced plants are not yet operating at scale and the fixed cost recovery is yet to reach optimal level.

On key cost heads, we saw a slight increase in employee costs on a quarter-on-quarter basis, as the annual increments and incentives took effect in Quarter 1. Our cost optimization efforts are showing results, and we also benefited a certain onetime cost incurred in Quarter 4 did not recur. As a result, other expenditure was lower by 13% in quarter-on-quarter in Quarter 1.

This flow-through effect was visible in our EBITDA for the quarter which stood at Rs. 50 crore with an EBITDA margin of 11.9% compared to Rs. 48 crore and 11.2% margin in Quarter 4, FY25. After a sudden dip in our performance in Quarter 3 of FY25, which we had indicated was the bottoming out of our performance trajectory, we have now reported an improvement in EBITDA margin for the second consecutive quarter.

Depreciation increased by Rs. 2.5 crore to Rs. 24.8 crore in Quarter 1 from Rs. 22.3 crore in Quarter 4, a direct result of our planned investments in machinery, tooling and automation that are crucial for our future capabilities.

However, lower finance cost has helped us to offset some of this increase. As a result, pre-tax profit was higher by 16% on quarter-on-quarter from Rs. 13 crore in Quarter 4 of FY '25 to Rs. 15 crore in Quarter 1.

Just to highlight, on a sequential quarter basis, top line was slightly lower at Rs. 419 crore compared to Rs. 425 crore in Quarter 4. However, EBITDA and profit before tax pre-exceptional have shown healthy quarter-on-quarter increase of 4% and 16% respectively. We reported an exceptional item of Rs. 2.5 crore in Quarter 1 and after registering for tax, reported a net profit of Rs. 9.3 crore in Quarter 1, which was largely stable on a quarter-on-quarter basis, had it not been for the exceptional item, we would have reported a higher profit after tax as well on a quarter-on-quarter basis. This clearly showcases an improved performance in a very tough environment.

A quick word on CAPEX, during the quarter, we have deployed Rs. 30 crore towards CAPEX. Our target for the Financial Year 2026 remains intact at Rs. 165 crore to Rs. 170 crore.

Looking ahead, the challenges are plenty. However, we are focused on ramping up volumes for some of our customers. Further, new logos added this quarter will help add incremental volumes and we are in discussion with our prospective customers too.

We are seeing promising opportunities emerge in defense, aerospace and railways industries. These industries present a strong case for casting to do well given the variety of requirements. We think there is a space for meaningful market share for castings players in these industries, much like the success achieved in the automotive industry.

Our initiative to form a separate business vertical and induct a head of vertical to spearhead our growth indicates our commitment towards establishing this as a key pillar for our business over the medium-to-long term.

Our healthy order book of Rs. 9,100 crore, which spans Financial Year 2023 to '24 to '28-'29 along with the new business wins and strategic initiatives like the DAR vertical position us well to capitalize on opportunities and deliver growth.

We are committed to navigate these headwinds with discipline and agility. And we remain focused on our core strategic pillars, product diversification, market expansion, and leadership in hybrid technologies. I am confident that these efforts will deliver sustained growth and create long-term value for all our stakeholders.

With that, I will now hand over the call over to Mr. Shyam Agarwal, who will walk you through the operational highlights for the quarter.

Shyam Agarwal: Thank you, Mr. Vimal. And good afternoon, everyone. In Quarter 1, FY26, the global automotive industry experienced a year-on-year increase of 1.7% in production volumes.

However, the key geographies and product categories we serve within the broader industry landscape have experienced a year-on-year decline of 3.8%. So, allow me to provide further context here.

Growth of 1.7% for the global industry covers all regions and much of this growth has come from geographies such as South America, China and South Asia. Since we do not have major exposure to these regions, our top-line performance should be viewed in the light of 3.8% contraction in the markets that we do serve.

In the same period, the Indian automotive industry witnessed 1.5% growth in volumes. A closer look at the growth across segments reveals 0.7% growth in two-wheeler segments, 3.4% increase in passenger vehicle segment and 2.6% growth in the commercial vehicle segments, all on a year-on-year basis.

Looking at the industry landscape, we saw several key trends in Quarter 1 FY26.

- **Two-wheelers:** There was resilient demand from festive and marriage season. However, this seems to be easing out due to financing constraints, early monsoon and persistent inflation. Within category, sales of motorcycles is lower by 1.3% and mopeds is down by 8.3%. While the sales of scooter is up by 5% and hence the two-wheeler segment is only marginally up by 0.7%.
- **Passenger Vehicles:** The PV market felt the pressure from the heavy monsoon, tight liquidity, which weighed on the customer conversions despite various incentive schemes. As a result, inventory levels remain elevated at around 55 days. Utility vehicles continue to be popular with customers and reported an increase of 9% in volumes. Passenger cars on the other hand reported lower volume of 5%. On aggregate, production volumes of PV were higher by 3.4%.
- **Commercial Vehicles:** While the CV segment reported year-on-year growth in production volumes, the pace of growth is slowing due to reduced infrastructure spend. Volumes of medium and heavy vehicles were up by 8.3%, while volume of LCV were lower by 0.7%. And the total segment is higher by 2.6%.

Against the performance by industry, Aicon has reported the following.

- Contribution from PV business has increased from 38% in Quarter 1 last year to 39% in Quarter 1 FY26.
- For two-wheelers, the contribution has increased from 37% to 40%.

- Our sales to CV segment, which were 18% of total sales in Quarter 1 last year, have declined to 15% in Quarter 1 FY26.
- On the smaller categories, we have seen mixed trends. Revenues from three-wheeler have increased from 1% in quarter 1 last year to 2% in the current quarter. Further, non-auto business has dipped from 6% in Quarter 1 last year to 4% now.

As Mr. Vimal indicated, there are a lot of headwinds in the operating environment. Despite this, we have reported revenue of over Rs. 400 crore this quarter. This has been achieved by adding new wins as well as ramping up with some of our existing customers.

Coming to business wins:

During the quarter, we have added seven new parts from five customers, including two new logos. This includes five parts from structural businesses, one part for the ICE business and one part from the non-auto business. Out of seven parts, five parts are for international business, and two parts are for domestic business.

The new business during the quarter includes two parts that we are developing with a prominent European customer. This is a well-known Italian company with a focus on the segment of premium sports cars.

The two parts that we will be manufacturing are technology agnostic in nature as they pertain to structural solutions. We have added a structural part with a domestic two-wheeler OEM. This solution has the potential to open the door for us to win similar businesses from several other domestic OEMs.

Further, we have won cylinder head business from an Indian OEM for the non-auto business. This business will showcase capacity and capability to both existing and potential customers.

In terms of ramping up volumes with existing customers, the outlook is favorable as:

- With one of the prominent Japanese OEM, we have started supply of cylinder heads to one of their models. But the ramp up for second model was slightly delayed. I am pleased to share that production line issue have been fully resolved and we expect our production to steadily ramp up over the next three months.

- With another prominent Japanese OEM, we are witnessing steady volume offtake, and they have indicated production ramp up from October onwards.
- For the Indian business of European OEM customer, there were some issues with the manpower which had impacted ramp up. This has now been resolved and they are set to increase volumes. We are installing a second production line in November, which will allow us to ramp up volumes further.

All of our business pertains to supply of the cylinder head for PV clients. This is aligned to our strategy of increasing higher value products to CV and PV customers. I have already shared the contribution has increased from 38% in Quarter 1 last year to 39% in Q1 FY26. And with the further ramp up scheduled over next two quarters, this is said to increase further.

In our Indian operations, ramp up of prominent European OEM is underway. We are supplying around 40 to 50 sets of a key part each week and have been trying to ramp up steadily.

However, we face some production challenges, which delayed the ramp up. We have resolved the challenges and now progressively stepped up the production to 150 sets. Going ahead, we anticipate that this will further ramp up to 600 sets per week from January 2026 onwards.

To support this ramp up, we engaged a casting expert from Germany who has since joined our team. His technical expertise has been instrumental in streamlining our processes, enabling us to scale up the volume efficiently. This in turn has helped lower our breakeven point and improve overall operational effectiveness.

As part of our drive to elevate manufacturing excellence, we are integrating digital process controls and leveraging AI and IoT technologies across our operations. These advancements are enhancing real-time supervision, generating actionable insights and enabling smarter decision making. The result has been marked improvement in productivity and a reduction in rejection rates, contributing to a more efficient and resilient manufacturing ecosystem.

While the initial phase of implementation has led to higher depreciation and fixed costs, these strategic investments are expected to yield long-term benefits. As production scale, we anticipate a stronger margin profile, reinforcing our path towards sustained growth and operational excellence.

Our customer base is undergoing a meaningful transformation marked by the successful onboarding of several prestigious global OEMs and Tier 1 suppliers. This milestone reflects Aicon's growing prominence in the global

automotive ecosystem and reinforces our ability to meet the evolving expectations of world-class customers.

Our business composition is increasingly defined by our strength in design, R&D, and value engineering, while earlier wins were driven by reliability and cost competitiveness. Today, Aicon is being recognized for its innovation, technological prowess, and design excellence. This shift positions us as a strategic solution provider rather than just a component supplier, reshaping how customers perceive and engage with us.

We are also making steady progress on our sustainability goals. Our captive solar plant in India is now operational and complemented by solar panels installed at the European facility. These initiatives are helping us transition to a cleaner energy mix and reduce our environmental footprint, further aligning our operations with global sustainability standards.

We can now open the floor for questions.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. First question is from the line of Jyoti Singh from Arihant Capital Markets Limited. Please go ahead.

Jyoti Singh: Sir, I just wanted to understand, like, you have given contributions from auto and non-auto. So, if you can bifurcate on the revenue mix side. And after that, this time, domestic auto industry growth at only 1.5%. So, how are you seeing demand recovery shaping up for Q2 and H2 FY '26?

Shyam Agarwal: So, Jyoti, first of all, thanks for the questions. So, out of the revenue mix for the automobile, so two-wheeler is contributing 40%, three-wheeler 1%, passenger vehicle 39% and commercial vehicle 15%. And remaining is the non-auto.

And regarding your second question about the growth of the Indian automotive industry, you rightly mentioned that demand is subdued, and it is much lower than what all OEMs have predicted or released the schedule to us. And there are various reasons also which we all know.

However, we are seeing some couple of customers where it is not linked to the growth of the automobile industry, like one of the Japanese OEM, where we are supplying. So that we will be eating the share of their own foundry. That is the first thing.

Second thing for one of the European customers, they are assembling the engine and exporting out of India. And earlier, they were having some manpower issue. So, that has been resolved. And we are seeing the good schedule from July onwards. So, there we will see that we will, you know, supplying more parts than the industry is calling for.

So, in some of the areas, we are seeing the good demand. However, we are seeing with a couple of customers, the demand is not good. But as you know, we are dependent on our OEMs to sell the vehicles and then we can supply the parts to them. So, we have to wait and watch for that.

Jyoti Singh: And sir, on the export side, it was subdued. So, what is the current outlook from global customers, particularly in Europe and U.S.?

Shyam Agarwal: Jyoti, if you are talking about the U.S. tariff, so this announcement has come a couple of days before. So, you know, we also need to take some feedback from our customers that what is their strategy and other things. But as you know, on the short term, these tariffs, what Trump has announced, like 25% from 7th August and another 25% from 27th August. So, these are only on the short-term basis. It is not the final tariff number. So, every OEM, they will wait that what is the final contract signed between Indian government and the U.S. government. That is the first part.

But if we see, like, in all our supplies to U.S. customer, duty is paid by the customer. So, Alicon is not directly impacted because of the increase in duty. However, in the long run, we have to see the competitiveness of the India vis-à-vis the tariff on the other countries like China, Vietnam, Canada, and Mexico. So, once it will be finalized, then only it will be more relevant to see the strategy from the OEM side. And until then, we have to wait and watch. However, we will stay in touch with our customers.

Moderator: Next question is from the line of Yash Dalal from Sushil Financial Services Private Limited. Please proceed.

Yash Dalal: So, I have a few questions. The first one is, what is the reason behind this exceptional loss that is reported?

Vimal Gupta: That exceptional loss, actually, we are having a legal case in U.S. court with one of our sales agent. He was claiming some additional commissions and that case was going on for last one year, more than a year. So, you know the cost everything in the U.S. when you deal for a legal case. So, at the end, we made an out-of-court settlement with them. And finally, it was agreed to be \$300,000 as a one-time compensation to that agent. So, that is a cost we have taken as an exceptional cost.

Yash Dalal: My next question is, with the rollout of the new product, SOPs from the second half, how do you expect these to impact the company's growth trajectory and margin profile?

Shyam Agarwal: Thank you, Yash. So, as we mentioned in our con call also, we have lots of new products and for that we have already done the PPAP with the customer and now we are working on the ramp-up plan for the customer. So, that is already we have planned, and everything is going as per the planned ramp-

up with the customer. It includes both domestic customers as well as the export customers. And this order wins or the products which we are launching in the second half of the year or the next year.

So, as we mentioned, our strategy is to work more with the passenger vehicle or the commercial vehicle side so we can increase our margins. And we are working on that, and major volume will come from the passenger vehicle and the commercial vehicle side. So, definitely in the coming quarters, you will see that our PV and the CV numbers will increase and definitely the margins will also improve. So, that you will see in the coming quarters, Yash.

Yash Dalal: And just in the earlier previous question, you spoke about the impact of the tariff by Trump for Alicon. So, just an add-on to that question. Is it possible could we route exports through Illichmann to mitigate these tariff impacts? If so, what could be the implications?

Shyam Agarwal: Yes, we thought about this option also. We have an entity in Europe. But you know, it will be too early to decide anything until anything is signed off. Because you know how he changed the decision. Initially, he started with 10%, then 20%, then again came 10% and now 50%. So, we should also have something robust for the long term and then only we can decide, Yash.

Vimal Gupta: But yes, definitely what option you are saying, we are also open for that. And we will take a call later on when we have the reality in our hands and with the customer agreement.

Yash Dalal: And just one final question. So beyond achieving Rs. 2,200 crore revenue target in FY27, what is the long-term growth strategy and vision for the company?

Shyam Agarwal: Yash, you asked very relevant question, but now you see the current environment is quite challenging, both on the domestic as well as on the global level. If you see the domestic market, growth is not coming as much as we were anticipating, like Finance Minister has given the relief for the income tax and also the interest rate is coming down. So, everybody was expecting with more liquidity, the demand will increase.

Same way for Europe and USA. It was, last two years we were struggling and everybody was hoping that this year will be a good year. But still we are seeing the demand from all three regions. India, Europe and USA is not that good. And considering the various war-like situation in the world and also now the Trump tariff, it is becoming more and more challenging for us to talk to the customers from the long-term perspective and define our strategy.

Internally, we have made the plan for three years and five years. But it can only be further reviewed once we get the final numbers for the tariff. We talk to our customers, get their strategy on the long term for India. Then it will be

more realistic to give you more ideas about our long-term planning. I hope, Yash, you can also understand these things.

Vimal Gupta: Due to this global volatility, so maybe it will be better in the next quarter we will talk about. We will have more clarity then how things are moving.

Shyam Agarwal: And also, Yash, I would like to add here, we have already mentioned earlier in our speech also, we are also seeing the rare earth issues like Indian EV players, they are not getting the magnets from China. So, their production is also getting impacted out of that. So, lots of, lots of issues are coming. So, we should see that first these issues are settled down. Then we can see what is the customer strategy to build our own strategy and the plan.

Moderator: Next question is from the line of Preet from InCred AMC. Please go ahead.

Preet: My first question would be on the line of revenue and margin guidance, which you gave in Quarter 4 that you are targeting to achieve Rs. 190 crore of revenue with 13%, 13.5% margin. Obviously there have been a lot of headwinds in the industry. What is your current estimation for the internal targets for the current targets?

Shyam Agarwal: Yes, Preet, thank you. Thanks for the question. So, you rightly said like we given the guidance in the last con call. But now you can see things have changed a lot from the last con call. And we are seeing some strong headwinds from the U.S., Europe and also the domestic market. So, of course, the number will change definitely. And how much lower it will be, that can only be determined once the things are settled down. So Preet, we have to wait and watch the next number, set of numbers from the customer and how the tariff situation will be rounded out.

Preet: So, sir, will there be any change in the CAPEX number which you have guided and that we have told that we are doing Rs. 320 crore of CAPEX in the next two years or maybe Rs. 170 crore of CAPEX in this year? So, is there any change in the CAPEX plan which we will be doing?

Shyam Agarwal: No, Preet, we are not changing our CAPEX plan. We are very firm that we have to make the investment so that in the coming years we can fetch the good revenues and the margins for the company. And we are really making very strategic investment so that we can fetch new orders from the customer and also ramp up the current businesses which are in here. So, there is no change in the CAPEX.

Preet: My last question would be in the line of margin differential. If you can give the difference or margin difference between export, domestic or PV, CV and two-wheeler? Obviously, PV and CV has higher margins. But what is the difference between? And also, EV and non-auto if you can provide.

Vimal Gupta: So, Preet, on the margin side, when we were talking, I think, from last three, four quarters, the improvements, so you can also see that quarter-on-quarter, now improvement is coming. And definitely, we are having good margins in the passenger vehicle as well as on the commercial vehicles. But maybe some headwinds were there in the Quarter 1 and maybe we saw that some decline in those, what we were expecting.

But on the other side, just see the kind of improvements we are having in our operations also. When the things will maybe little settle down, our manufacturing costs are now starting to go down based on a lot of cost reduction initiatives that we have started that we were talking about these initiatives from the last three, four quarters. So, that has started giving the results. And maybe hope that will be our lever for this year. Maybe we will not see a big jump in the top line, but we will see the impact of our cost reduction initiatives that will give at the end the results of this.

Preet: No, sir, I was asking about the margin differential in export and domestic means what are the differences in the margin between export products and domestic products? What are the differences between PV, CV and two-wheeler products?

Shyam Agarwal: Yes, Preet, so, of course, the margins in the export business, of course, much higher than the domestic business. And also, non-auto is always more profitable. However, in the non-auto business, you see the volumes are little bit less. But in regular business, you will see the higher volume. So, export business is, of course, having higher margin. So, that is definitely there, Preet.

Preet: And one more question on order book. Like you have been mentioning from last 3, 4 quarters that you have order book of around Rs. 1,100 crore from '24 to '29. If you can give the status of current order book or new order which you have added in last one or two years maybe, what are the new orders, and in which segment we are getting these orders?

Shyam Agarwal: Yes. So, Preet, this order book of Rs. 9,100 crore, what we told, so, out of this, if you see in FY24 and FY25, we have utilized Rs. 495 crore. And further, whatever order we have got, like last year, we added the order book of Rs. 1,600 crore. So, that we added.

But on the other hand, some of the businesses, especially the EV businesses, there we have seen the customers have reduced their projection. So that we have eliminated from the order book and the truncated order book after adding the new businesses which we have got in the last year and this quarter. So, the net order book is Rs. 9,100 crore.

So, what we are doing, Preet, we do not just keep on adding the new businesses or the order. But wherever we are seeing the reduction in the

order or some of the programs are cancelled by the customer, so that also we delete from the order. So, the net order book is Rs. 9,100 crore.

Preet: It is executable by which year? Current status, order book?

Shyam Agarwal: It is up to 2028-29, Preet.

Moderator: Next question is from the line of Devang Shah from Asit C. Mehta Investment Intermediaries Private Limited. Please go ahead.

Devang Shah: My first question that in our initial remark, you have mentioned, there is a global headwind and domestic also, we are seeing some kind of demand slowdown that is impacting company performance. So, can we see as far as worse is concerned, we may go further from here on, further down, that is my first question, as far as financial performance is concerned, or it may remain as some kind of flattish mode till we get some kind of clarity as far as tariff and other related aspect is concerned? So, I mean to say, can it get worse, can we see further downside?.

Shyam Agarwal: Yes, we understood. And very important question you have asked. If you see the current orders which we are having, so we see the growth, not the slowdown or the decline in the numbers for Quarter 2, Quarter 3. So, that we are seeing.

However, just to tell you like the tariff impact of 50%, that has come couple of days before. So, we have to see the new numbers from the OEMs which they release every month. But if we see before that the number, we are seeing a growth, not a decline, Devang.

Devang Shah: And as far as domestic environment is concerned, this is respect to global, you have explained that we have to be a wait and watch. But what do you feel about domestic demand or something to have some kind of, you know, we may see a further momentum to pick up? So, you may perceive any kind of thing by studying the industrial outlook or having a talk with OEMs or something like that, or else we may see a further sluggish in this financial year as well.

Shyam Agarwal: Devang, we are closely associated with our customers. And as you know, we have a broader customer base, including two-wheelers, three-wheelers, passenger vehicles, and commercial vehicles. And we monitor their schedule on each weekly basis. So, there we see demand will increase, what we are getting the schedule. We are not seeing that it will decline.

However, the numbers will not be as good as it was given during the start of the year. Like everybody said, two-wheelers will grow by 7% to 8%. And in reality, it is 0.7%. So, we see Quarter 2, Quarter 3, there will be an increase

in the number, but not up to the mark what was projected before the start of the year.

However, we have to see the impact on the EV, electric vehicle segments. Now, you know, China has not approved even the single license for the supply of magnets. And many of our customers' lines are dry. So, there we are seeing that maybe till September, of course, they will be dry. So, until that license issue will be settled down, the EV volume we are seeing, it is likely to decline a lot.

Devang Shah: But yesterday, we may see some kind of updates in news that for a rare earth magnet, OEMs are now looking for certain low-constitute kind of rare-earth magnets, especially from a two-wheeler segment. That is what yesterday some commentary, some update also came from some OEMs. So, with regards to certain things are even policymakers or OEMs are also doing some kind of strategy, right?

Shyam Agarwal: Devang, you are right. But for each product to develop and in the automobile industry, you know, there is a cycle of validation. So, until those things are completed, you cannot put everything on the production line. So, those things will take time. So, we also hear such things that OEMs are working to reduce the rare earth impact on the vehicle. However, we have to see the validation cycle.

And secondly, our major supply in the EV comes on the four-wheeler side. And when we see the four-wheeler customer, it is even longer period to get the parts and do the validation.

Devang Shah: So, the last concluding question kind of thing. So, sir, there is a guidance that you have guided in the last quarter, and an earlier participant also asked you that we may see some kind of growth and revenue top line that we guided around Rs. 2,100 crore. So, as you are saying, we have to, you know, you can get a final idea in the next two quarters with regard to that long-term growth. Right, sir?

Shyam Agarwal: Absolutely. You are absolutely right.

Moderator: Next follow-up question is from the line of Preet from InCred AMC. Please go ahead.

Preet: I would like to ask about the cylinder head business. How much has it contributed in FY25 and how much it has contributed in Quarter 1 of FY26?

Shyam Agarwal: Preet, specific to one product, we may not be having the exact number right now. But what we will tell you, in cylinder head, we are in very dominating situation. So, we are supplying to many OEMs, of course, in two-wheeler,

three-wheeler and four-wheeler. But exact number, we may not be having right now.

Preet: So, sir, what would be your top 5 products which you sell, which contributed to your revenue, if you can name top 5 products in the pecking order?

Shyam Agarwal: So, of course, first is the cylinder head. Then we have the commercial vehicle casting business. Then we have manifolds for the passenger vehicles. Then we have the technology agnostic parts, which is common for both ICE and the EV industry. And then we have the EV parts like the eAxle, controller housing, battery housing. I hope I am able to answer your question, Preet.

Preet: Yes, I got it. And if you can give the breakup of order book, maybe customer-wise or product-wise or whatever information you can give about your order book, it would be very helpful.

Shyam Agarwal: Preet, we don't give the customer-wise the numbers. We can only give you on the overall basis.

Preet: Any kind of information you can provide about the order book or maybe how much it contains from PV or maybe segment-wise breakup of the order book? Any kind of information which you can share?

Shyam Agarwal: Yes, that we can give here. Out of this total order book, 51% contributes to passenger vehicles, 30% to commercial vehicles, 12% to two-wheelers and 4% to non-auto. And geography wise, if I see, like 48% for the domestic and 52% for the export market.

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

Vimal Gupta: So, thank you. As we have shared, we remain confident of an improved performance going forward. We are carefully monitoring the evolving developments in the macroeconomic environment and are confident that our deep engagement with customers and the growth plans they are indicating provide us comfort that we will see increased volumes going forward.

We also believe that Quarter 3 last year marked the bottom of the cyclicity in the industry, and we have seen a recovery in Quarter 4 and now further in Quarter 1 of FY26. We will look to build on this further in the rest of Financial Year '26. Thank you once again for taking the time to join us on this call and we look forward to interacting next quarter. Thank you, everyone.

Moderator: Thank you, sir. On behalf of Aicon Castalloy Limited, that concludes this conference. Thank you all for joining us and you may now disconnect your lines.

Disclaimer: This is a transcript and may contain transcription errors. Certain statements made or discussed on this call may be forward looking in nature and must be viewed in conjunction with the risks and uncertainties that the company faces. The company does not undertake to update these forward-looking statements publicly. Please also note that this document has been edited without changing much of the content, to enhance the clarity of the discussion. No unpublished price sensitive information was shared/discussed on the call.