RICO AUTO INDUSTRIES LIMITED

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RAIL:SEC:2026 November 12, 2026

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Sub : **Transcript of Conference Call held on 6th November, 2026**

Dear Sir/Madam,

Please find enclosed herewith the transcript of Conference Call held on 6th November, 2026 with the Investors.

This is for your information and record.

Thanking you,

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

RUCHIKA GUPTA
Digitally signed by RUCHIKA GUPTA
Date: 2026.11.12 14:44:34 +05'30'

Ruchika Gupta
Company Secretary
FCS : 6456

Encl : As above

“Rico Auto Industries Limited

Q2 & H1 FY27 Earnings Conference Call”

November 06, 2026

“E&OE - This transcript is edited for factual errors and readability. In case of discrepancy, the audio recordings uploaded on the stock exchange on 6th November 2026 will prevail.”

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

MR. RAJIV KUMAR MIGLANI – EXECUTIVE DIRECTOR

MR. KAUSHALENDRA VERMA – EXECUTIVE DIRECTOR

MR. NAVEEN SOROT – CHIEF FINANCIAL OFFICER

Moderator: Ladies and gentlemen, good day, and welcome to Rico Auto Industries Limited Q2 and H1 FY27 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

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

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

I now hand the conference over to Mr. Kaushalendra Verma, Executive Director, for his opening remarks. Thank you, and over to you, sir.

Kaushalendra Verma: Thank you so much. Good evening, everyone, and thank you for joining us for the Q2 FY27 Earnings Conference Call of Rico Auto Industries. I hope that you have had the opportunity to review our financial results and the investor presentation, which is available on the stock exchanges and also on the company's website.

I would like to begin with a brief overview of the global economic environment, the automotive industry and our business performance, following which Mr. Naveen will take you through the operational and financial highlights for this quarter.

The global economic environment remains challenging with the ongoing conflict in the Middle East affecting energy prices, shipping routes and supply chains. These developments are leading to higher transportation and input costs for the business. While India continues to benefit from the resilient domestic

demand and infrastructure spending, global uncertainties and rising costs remain important factors for manufacturers to navigate.

The Indian automotive industry continued to register healthy revenue growth in Q2 FY27, supported by resilient demand and strong sales volume across segments. However, profitability has not kept pace with the revenue growth. Higher logistic costs and other operating expenses continue to weigh on margins. Against this backdrop, managing cost pressure, improving operational efficiencies and protecting profitability remain important priorities for the industry.

During the quarter, disruptions along global shipping routes significantly extended ocean freight transit time to maintain supplies to our key customers where we are specifically the single source supplier on a couple of new program launches where the end customer is Toyota and BMW in the Europe and North America. That has resulted in additional cost and affected short-term profitability, but it helped us to meet our supply commitments during a challenging period.

With this inventory now -- with the inventory level now reaching the desired level, we expect the shipments to reduce and shipping patterns to normalize from Q3 onwards and moving towards the sea freight from the air freight. While leading OEMs, we have built long-term-standing relationships through consistent execution, product quality and reliability.

Our role as a single source supplier on key programs carries a significant responsibility to ensure continuity of supply even in challenging operating conditions. Our ability to uphold these commitments reinforces customer confidence and strengthen our position for future collaboration on new programs. We continue to engage with customers to recover an appropriate portion of the additional air freight cost with one customer having already agreed to contribute towards these costs.

Looking ahead, we remain focused on achieving our FY27 revenue target of more than INR3,200 crores. The ramp-up of ongoing programs and improved utilization of our manufacturing capacities will be the key contributors towards this target. At the same time, our focus remains on addressing cost pressure and improving profitability as we progress through the second half of the year.

We continue to review our product and customer portfolio with a sharper focus on program profitability, sustainable margins and returns on capital employed.

Our efforts remain directed towards improving the profitability of our programs, driving cost efficiencies and enhancing the utilization of our existing assets. Through these measures, we aim to strengthen the underlying profitability of our business and ensure that future growth delivers sustainable returns.

With these remarks, I would like to hand over to our CFO, Mr. Naveen Sorot, who will take you through the financial and operational performance for the quarter in great detail. Thank you.

Naveen Sorot: Good evening, everyone. I will now take you through the financial performance for the half year and the quarter ended on 30th September 2026. Consolidated quarter 2 FY27 highlights - Revenue stood at INR852 crores, EBITDA stood at INR9.3 crores, PAT stood at negative INR26.3 crores.

Consolidated H1 FY27 highlights - Revenue stood at INR1,607 crores, EBITDA stood at INR46.9 crores, PAT stood at negative INR29.7 crores. Coming to our segment-wise performance, aluminum casting contributed 89% to the revenue, whereas ferrous casting contributed roughly 11% to the revenue.

Export for the quarter stood at 16% of the total revenue. During the quarter, profitability continued to be impacted by elevated operating costs. These cost pressures continue to weigh on the operating performance despite the strong underlying revenue performance.

In the current operating environment, our priority remains on strengthening the quality of our business by focusing on programs that offer sustainable profitability and better returns. We are placing greater emphasis on reviewing customer and product economics, improving cost competitiveness and ensuring optimal utilization of our manufacturing capacities.

We are also pursuing initiatives to enhance productivity, streamline operations and improve execution across our facilities. Through these measures, we aim to strengthen the underlying profitability of our business, improve capital efficiency and ensure that future growth translates into sustainable returns. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Mukesh Mody from MODY INCAP.

Mukesh Mody: I have one question, the obvious one to Mr. Kapur. Sir, we have been facing this air freight cost and all those stuff many times in last 2, 3, 4 years. Now we have been a veteran for auto component industry and multi-decade experience.

Sir, what are we planning for a long-term solution whereby this kind of this -- I mean, such a big fluctuation in the price of the operating cost and all this, how can we mitigate to a minimum level with your experience? What is our long-term strategy, which you can highlight? That will be great, sir, because INR40 crores is a pretty big cost we have paid.

Arvind Kapur: This INR40 crores that we paid is for the air freight that we had to do because of our commitment to the customer. And because of the shipment delays for U.S., it normally takes about 5 to 6 weeks, now it's taking 10 to 11 weeks to get the goods there. So that means we are required to have extra material of almost a month extra on the sea. So earlier, it used to be about 4 to 5 weeks on the sea and 4 to 5 weeks at warehouses. And now it has gone up by almost 50%.

And then the delay of containers reaching the destination in the right time, they would say get there on the 10th week, you will land up there on the 12th week, declaring, everything was a total chaos that was happening. The sea also changing on a constant basis -- the sea also changing on a constant basis and the sea freights are going up on a constant basis and the air freights also became a challenge, and we had to find new routes to get the materials to the U.S.

Now we could not stop the line of the customer. We paid a very heavy price for this only because of our commitment. And because it was BMW and Toyota, we had to stand by our commitment. Now what has happened is that

we jacked up the capacity of these components, which are going by sea, which are being air lifted. So parallelly, we were shipping by sea and also shipping by air.

Now those containers are getting there, unfortunately, taking them almost 10 weeks to 12 weeks to get there. From November onwards, you will see that most of the containers start reaching there. And after November, there will be 0 air shipment that would be required to be done.

And we'll have enough stock in the pipeline and also stocks in our warehouses so that the customers can actually be fed from the -- on a just-in-time basis. This is a onetime cost that we had to bear because of the chaos that was created.

And hopefully, with the change in what is happening in the U.S., hopefully, things should calm down and the freight should come down, the timing should come down. Today, the time to ship from India to the U.S. and to Europe is exactly the same. In fact, Europe, sometimes because we got to go by go, it is taking us even longer. And it is more expensive than shipping to the U.S. So all these chaos are happening.

Besides that, because of the Middle East prices, the carbide prices went up, so our tooling costs went up. And the raw material, of course, went up, raw materials are pass-through, but there are a lot of other things which were not passed through.

We have started getting some increases of prices as far as the fuel is concerned, the aluminum prices are concerned, the prices are still being negotiated. And the general price increase because of inflation that has happened primarily because of the labor increases, etcetera, which has happened.

So all those are in the pipeline. There's -- we started getting -- we've already negotiated with all the customers, both in the domestic market and the export market. In the domestic market, we've already closed with 2 of our customers. The others, I think, hopefully, by November end, we should cover up most of the customers.

By December -- mid-December after that, the European go on holiday, we are trying to close even BMW and also in the U.S. So we are working on it. And this is an unnecessary thing which really hit us this time.

And like last time I also mentioned, the other problem was that there were almost 50 launches that we had to do in a very short time. And in that launches, because there were 50 new items being launched and there was some chaos there also. This is the reason this has happened. But we have plugged it absolutely now, and we are sure that we will be out of this now.

But we had to pay a very, very heavy price. This is a onetime cost that has happened, but we assure you that it will never happen again. unless, of course, there's another war and the shipments stop and all that happens, we are fairly confident that we'll get over this.

Mukesh Mody: And it's quite appreciable. No doubt about it that we have to fulfill our commitment being a single source supplier.

Arvind Kapur: But let me tell you, we've also taken up with the customers and customer recovery in one of the cases, we've already started getting the recovery like KV mentioned. And we are looking for this premium freight that we had to pay by air. We have started talking to the customers for participating in that. But it does not that the shipments got delayed.

Mukesh Mody: That's good, sir. And so sir, I mean, at least for Q4, we should not be -- I mean, we should not at all consider about all this, the stock, correct?

Arvind Kapur: No, no, no, not at all. Not at all. Not at all. That's...

Mukesh Mody: Okay. Okay. This was my worries. Nothing else.

Arvind Kapur: No, no, no. We are sorry for this, but the opportunity happened. Yeah.

Moderator: The next question is from the line of Bhaskara, an Investor.

Bhaskara: I want to be really honest with you guys, like this is really one of the worst quarter compared to last 3 years and last quarters. What has surprised me is like we always talk about so many targets in revenues, etcetera, but we never achieved anything related to profit -- net profit. So leadership is not just about giving instructions or setting expectations, right.

Leadership is about demonstrating the right approach, taking ownership and ensuring proper execution. I don't see any of those things in our team. Could you please answer me after this debacle, why any one of you should be there and why we should trust you?

Arvind Kapur: Mr. Bhaskara, this is the worst quarter we've had. And let me tell you, it's not been easy for us. And we've had sleepless nights trying to see how we could get out of the air freights. And the only thing is it is a commitment to the customer that kept us going and the reputation we have with the customers so that our future businesses are secured with those customers. It's a very, very, very heavy price we are paying for.

And now, of course, it is getting under control. And let me tell you, it is mainly the new product development that actually happened and where we had the major issues. In the aluminum side, we never had any issues. We were -- shipments were in time and everything was okay. It was in the iron side, which are the heavier components and hence, the more a freight that we had to incur. So this has really hurt us a lot, and it has shaken us absolutely, and we are working on it so that this never happens again.

Besides that, because we had to do double our shipments send by sea and also send by air, we had to increase the manpower, we had to increase the footprint and we had to -- whatever possible -- whatever we could do in our plant was cheaper than what the air shipments in any case. So we went all out to expand the capacities to machine more and ship more so that we get out of the air situation ASAP.

And it's taken us a while to get out of this air shipment. But let me assure you, we are now -- we have full control over it, and we should be out -- November is the last, and we won't have any air shipments after that. And -- but we are sorry for what has happened, but this is the worst quarter that nobody is happy about.

Bhaskara: Yes, I understand, but I don't think...

Arvind Kapur: We are -- having said that, like I said earlier, we've already started negotiating with the customers. One is for the premium freight that we paid, the air freight we paid and also the price increases because of inflation, etcetera, and also whatever costs have gone up.

For domestic customers from 2 customers, we've already got it and the other customers we are negotiating, we -- the domestic market has been good, by the way. And the growth has also been good. We've exceeded the industry, whatever the industry grew by. And the price increases that we -- the cost increases that have happened, whatever can be passed to the customers, those negotiations are carrying on. And hopefully, we would close another 3 or 4 customers by November end.

And by December, middle, we should cross -- we should cover most of them. This includes BMW in Germany and also in the U.S. So we are working all out on this, and our teams are sitting there in the customer places and negotiating the prices.

Bhaskara: Sir, I'm really sorry to say this, but I don't see any improvements in management executing these kind of issues. So this is the second time happening in last 3 years, and we are again doing the same thing. So in the future also, if what works out, that's okay for 1, 2 months.

But after 7, 8 months, if you have these kind of losses, then it's not -- we can't trust you, right? See, I'm not a small shareholder. I'm holding 4 lakh shares since last 10 years. So it's not about only losses and it's about I'm completely lost because every quarter, whatever you say, the next quarter, we are actually getting just opposite to that. And this month also, you are saying still in November also, you need to have extra expenses of the transport. So to be honest, it's really...

Arvind Kapur: Mr. Bhaskara, we did mention last quarter also that this air freight would carry on for the third -- middle of third quarter. We didn't mention this last time. it's not desirable to have air freights.

Bhaskara: Yes. I agree, sir. But see, this is the second time happening. By the first time itself, like 3 years back, it happened, you should have learned the lessons, right? But we did the same routing thing.

Kaushalendra Verma: I think last time when this happened, there was a COVID issue, and that was the enforced situation for us. And that has basically impacted us and we did the airfreight to meet our customer requirements. Yes. As explained by the MD, sir, that we are the single source supplier to our customer, and they are the end customers are Toyota and BMW. This time also, there is an impact on account of the West Asia crisis, which has basically disturbed the logistic routes.

On top of that, yes, because since we are launching the programs, we need to start building the inventory at that, but the logistic routes got disturbed, Transit time got increased. So we are not able to build the desired inventory before the SOP of the -- our customers. So that's the reason that we have to do the air freight so that we maintain the continuity of the supply.

We completely understand that this issue, we need to be foreseen and we need to understand and do much better and the impact would have not been so much. But yes, going forward, I think these are the lessons learned as you just explained. And we will work out some mechanism and policy that in future, if this happen, how we are going to tackle the situation upfront.

Arvind Kapur: But Bhaskara, having said that, let me tell you that could we have done better? Yes, we could have done better. We should have been more agile and we could have done better. And a lot of lessons have learned in this crisis, this war that has happened in the Middle East and the routes that -- the routes that have changed. But we hear you absolutely, we need to perform better.

Bhaskara: Okay. One question -- last question from my side. What is the total debt we have on the book.

Moderator: Sorry to interrupt, Mr. Bhaskara. May we request you to join the question queue as there are several other participants waiting for the turn. The next question is from the line of Rohit Kumar from ADM Advisors.

Rohit Kumar: Sir, my first question was, given the current industry environment with continued demand across automotive segments, but understand commodity price volatility and logistic challenges are there. So how does you view the outlook for the Indian automotive industry over the next 12 to 18 months?

Arvind Kapur: The commodity prices are showing a downturn now. And like the aluminum prices have shown a downturn, and we are very happy about that. And we are hoping that this would stabilize at a lower price and at least come back to close to whatever the normal prices were earlier.

And with the change of -- not change, sorry, with the election results in the U.S., I think that should also have -- we hope at least that sanity would prevail and there would be some impact on whatever tensions are there in the Middle East so that the sea routes also open up and that the time that it takes for us to make shipments overseas also sums down.

As far as the domestic market is concerned, it's -- the domestic market surprisingly has been very good. And we see a growth and a very positive requirement of Maruti and Hero and Bajaj and other people.

And we are very happy about the growth that is taking place, and we are meeting all the requirements. And with the aluminum prices coming down, our investment in materials also come down. So we are happy about that. But we see for the next -- the Diwali season and the fourth quarter -- fourth quarter is normally the best, and we are hoping that this trend would continue.

This is still the impact of GST that we all -- whenever we have a debate, we discuss this, we always come to one factor which has really impacted the sales in India, the sales have improved in India, primarily because of the GST impact that came in. Now with the commodity prices coming down and the more rationalization in the pricing of vehicles, etcetera, we are hoping that this trend will continue for the next year for sure.

And there would be blips. Monsoon season would be a blip and there will be other times, there will be some blips. But this year, the fourth quarter should also be good. And thereafter, we are hoping that next year, there will be another growth of at least 10%.

Rohit Kumar: Okay. That was quite helpful, sir. And my second question was, what opportunity do you see across the passenger vehicles, commercial vehicles, hybrid and EV segment? Any key developments with new customers or existing customers?

Arvind Kapur: So our focus is on hybrid vehicles and electric vehicles wherever we have the opportunity, we do that. But we do not leave any opportunity when it comes to the ICE engine also. And -- but because both are growing, ICE is also growing, the EV vehicles also growing and the hybrid vehicles also growing. So we are participating in all of them.

And we are -- and we are seeing that the trend of the hybrid vehicles is actually going up tremendously. We are hoping that this trend continues. But having said that, I would like to add a point here. In some of the components that we make, I'm talking of the iron side, which are very light and which don't fit into our profitability.

We are actually -- we started talking to the customer that they could actually source it from some other sources. These are very light components, which are not economical for us to make in our -- the bigger machines that we have. So we have started -- we've already tagged those components and the discussions with the customers have started.

And pending that, we are trying to get a better price for those components as well. So that will also impact the bottom line. So all these things are happening as far as the iron side is concerned and also the aluminum side. Our focus is primarily on the transmission and also the hybrid vehicles and electric vehicles for the bigger components. Mr. Bhaskara wanted a second and other question, he can maybe ask.

Moderator: Sir, Mr. Bhaskara is not a question queue. As there are no further questions, I now hand the conference over to the management for the closing comments. Over to you, sir.

Arvind Kapur: So would you want to say something?

Arvind Kapur: I will continue after that.

Kaushalendra Verma: Okay. First of all, thank you, everyone, for joining us in the earnings call. We appreciate the time and the interest. In case of any queries, I think we can get in touch with SGA, our Investor Relationship Advisor or you can directly write an e-mail to us. We look forward to meeting you in the next call.

Arvind Kapur: And just to add here, firstly, I must apologize for what has happened in this -- in the last 1 or 2 quarters. And we are determined to get out of this, a lot of learnings that have happened and a lot of corrections have also taken place and a lot of changes that are also taking place. And those are being implemented and will also get implemented. And we will -- we assure you that we will fall back and we'll come back to our norm.

And you see it in the fourth quarter, a big jump. And thereafter also, you see -- by then, we would have concluded all the price increases and other negotiations that are happening with the customer, including the premium freight that we've borne. And primarily, we had to bear it only just to keep the lines of our customers running and because of the commitment we have towards the customer. And so hopefully, everything would have been sorted out and you see those results. But I'd like to apologize for what has happened. Thank you so much.

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