

Schaeffler India Limited · Pune · Maharashtra

BSE Limited

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Company Code: SCHAEFFLER

Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Transcripts of Analyst/Investor Meet held on Wednesday, February 25, 2026.

03/03/2026

Dear Sirs,

With reference to our letter dated February 25, 2026, please find enclosed the transcript of the Analyst/Investor meet held on Wednesday, February 25, 2026, for your information and records.

Phone: +912068198464

The same is available on the Company's website - Earnings Conference Call | Schaeffler India

Kindly take the same on your records.

Thanking you.

Yours faithfully,
For **Schaeffler India Limited**

Ashish Tiwari,
VP - Legal & Company Secretary

Encl.: As above

SCHAEFFLER

“Schaeffler India Limited Q4 CY25

Earnings Conference Call”

February 25, 2026

**MANAGEMENT: MR. HARSHA KADAM – MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER**

**MS. HARDEVI VAZIRANI – DIRECTOR OF FINANCE AND
CHIEF FINANCIAL OFFICER**

MS. GAURI KANIKAR – INVESTOR RELATIONS

Moderator: Good morning, ladies and gentlemen, and welcome to the Schaeffler India Limited Q4 CY '25 Earnings Conference Call. As a reminder, all participant line 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 touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Gauri Kanikar. Thank you, and over to you, ma'am.

Gauri Kanikar: Thank you. Hello, and welcome to Schaeffler India Limited Earnings Conference Call for the fourth quarter and 12 months ended December 31, 2025. We have with us from the management today, our Managing Director and Chief Executive Officer, Mr. Harsha Kadam; and our Director of Finance and Chief Financial Officer; Ms. Hardevi Vazirani. Mr. Kadam will first take us through a short presentation of the results, after which, we will open the floor for questions. Thank you, and over to you, Mr. Kadam.

Harsha Kadam: Thank you, Gauri, and good morning to all of you. A warm welcome to this earnings call. I have with me, CFO, Ms. Hardevi Vazirani as well. So let me straight away get into the flow. So let me take you through the brief presentation that has already been uploaded.

So, I draw your attention to slide number 2, and I always begin my presentation with some success stories and success coming from the customer speaks high about the good work that we, as an organization, as a motion technology company have been striving to do over the years. Now that said, I'm on slide number 2. In the quarter, Q4 2025, as you can see, we have been awarded a few awards, three coming predominantly from the customers, one from each of the business divisions that we play in and two of the coming from our CSR effort that we undertake as well.

Let me start with the first award coming from Voith. We were awarded from our industrial customer Voith for the best performance and continuous commitment to excellence, fundamentally coming on the back of zero quality complaints in the last 12 months. This has been a commendable win, particularly based on the fact that we started business with Voith a couple of years back and our commitment to deliver the best quality products remains on top, and we have lived up to the expectations of the customer.

The second award I would draw your attention to is from Eicher Motors. And here again, this is awarded in the aftermarket space fundamentally because of our outstanding contribution in supply chain transformation, wherein we have made investments to ensure on-time deliveries to our customer. And this too has been recognized for our performance in the quarter for the entire year 2025.

The third award is from our esteemed customer, Mahindra & Mahindra. And this, again, is coming for on-time deliveries for the engine systems, which we have consistently maintained month after month, and we were recognized for this as well.

Moving on, we were awarded in our corporate social responsibility initiative. Doing Good for Bharat Awards, which was held at South Asia's largest CSR and ESG Summit in New Delhi. Now this event focused predominantly on women and inclusion, employability and livelihood, which highlights impactful projects driving social change.

Our project Women Skill Development and NITARA, which was showcased on the 10th of October 2025, reinforcing our commitment to empowering women and also fostering inclusive growth. And the last award that I wanted to share with you has been a consistent winner for us, our water conservation project that Jal Samruddhi won another award under 'Beyond the Fence' category. And this was at New Delhi again.

Fundamentally, this is about water absorption trenches, the recharge ponds, the drainage line deepening and check dams that we have invested in building in an added region and also couple that with solar power pumps with drip irrigation systems that we have been able to consistently invest over the years, which has eventually enhanced water harvesting capacity of almost up to a height of 1.04 meters above the groundwater levels. This has impacted almost 2,500 people in the village around, and we are very proud of this corporate social responsibility projects that we remain committed to and we remain focused on.

On that good note, let me now move to throw some light on the economy, and I move to Slide number 4. As you can see from the GDP growth in India, India's momentum reflects a combination of domestic demand resilience, structural reform continuity and a clear growing role in the global supply chain. It goes without saying that the combination of the policy rate cuts, the regulatory relaxation for the banks, and to some extent, even the weaker exchange rates, they all eased the financial conditions in India.

And not to mention, of course, the softening of the income tax and reduction in goods and services tax supported a kind of nascent recovery in our urban consumption, while rural consumption also showed sustained improvement. What is important to note is the inflation, which was significantly lower in 2025, as you can see in the chart down below, the overall average for last year 2025, the inflation has been averaging around 2.2%. And especially in Q4, as we can see, has recorded the lowest inflation ever at 0.8%.

However, the core inflation on higher precious metals inflation, mainly on the gold and silver still remains high. The real private consumption showed a recovery as such. And overall, you'll find that has been a very substantial sound fundamentals within the Indian economy. When you look at the index of industrial production, you do see that in the quarter, there has been a further appreciation to an extent of 5% over the preceding quarter, which used to be at 3.8%.

One of the hallmarks for last year, and that was specifically for Q4 last year, has been the GST 2.0 reform, which has been a big boost for the automobile industry and the government's push which is a landmark step towards simplifying compliance as well as fueling economic growth.

And particularly what this meant for the automobile sector is streamlined tax structures and lower cascading costs in manufacturing and after sales and obviously, resulting in an increased

affordability for the vehicle consumer. Now that said, overall, the automotive production growth in the quarter has been strong comparatively, which began to see a strong uptick.

Now talking about the Consumer Price Index, the food inflation moderated. The core inflation stayed soft. Energy prices remain stable. Overall, all the indicators contributed to a very sound growth in GDP for the country. I would like to throw some light on the core sector performance. And to that, I ask you to look at Slide number 5.

Now what you see here is the specific industrial sectors. And as you can see, month after month compared to the preceding year, every sector has posted pretty strong improvement and strong productivity growth as well. Cement production has been very strong, which contributes to 5.4% to the economy, has grown 10% overall. Steel production, close to 9%.

Mining and coal have been muted a bit, but still in the positive range. Energy, which is clearly an indicator of the production and the manufacturing activity in the country also has remained stable, has not seen any decline. So, all things considered, performance has been strong in the industrial sector.

And I will to be a little more specific on the automotive sector on Slide number 6. What you get to see is all the sectors have grown strongly, obviously, riding on the back of the GST 2.0 reforms that I earlier referred to.

If you look at the 2-wheelers, as you can see, in the quarter, we had a strong growth month after month compared to the previous year and growing at an average of 8.6% at the annual level. Passenger vehicles, again, an 8% strong growth. Commercial vehicles, too, which was sluggish last year, has come back and has posted about 8.4% growth rate again. Tractors, again a very strong growth of 17.2%, as you can see. All in all, the biggest beneficiary of the GST 2.0 reforms clearly is a good indicator of a strong rebound in the automotive sector performance.

Now if one were to look at the production numbers that have been registered, passenger vehicles almost have posted a strong growth, at 8%, the export numbers or export sales went up to 16% in passenger vehicles. Look at the commercial vehicles, there, again, it was a whopping 58% improvement for the entire year, January to December in the export market for commercial vehicles.

And talk about 2-wheelers again, where we have seen a 24% increase in exports for the full year compared to the last year. So, all in all, very strong performance on the domestic sales at single digits, 9%. But on the export side, double-digit growth, all attributing, this is something that as Schaeffler India, we were able to leverage the growth in a very efficient and agile manner, which the numbers as I move into the next slide, will tell you.

I'll move on to Slide number 8, wherein now I want to throw light on the quarter 4 performance. And as you can see here, the revenue, we closed the quarter at INR 2,643 crores, which was 26.9% better than Q4 2024 and a 12% increase over the preceding quarter Q3 2025.

This volume growth also resulted in a strong EBITDA, as you can see, bringing in INR 5,056 million and resulting in an EBITDA margin of 19.1% in Q4 2025 as compared to 20.2% in preceding quarter. So strong bottom-line performance which ultimately resulted in a profit after tax of INR 328 crores in the quarter.

One of the highlights has been the strong focus on free cash flow generation, which, as you can see, we have been able to bring in INR 254 crores into the kitty. This has helped us to also shore up all the spending and the expenses decided in this quarter, which I think I'll share in the subsequent slides on this deck. It has been a pretty sound and good financial performance of the organization in Q4. It has been one of the best performances in the last 4 quarters for the entire year.

Now while the market did enable our growth story, however I would like to attribute that our continuous preparedness in terms of acquiring new businesses also contributed strongly to the growth story.

I draw your attention to Slide number 9, where our sustained business development activity in terms of new business wins, whether it is in the automotive technology space, we did have some good wins again on passenger vehicle clutches and the Dual Mass Flywheels. We had new business wins in the hydraulic cam phases as well. And we also had some clutch win businesses in the light vehicle category.

Even on the vehicle lifetime solutions, we had some strong wins on the front-end auxiliary drive mechanisms and the timing kits for the passenger vehicles. We continued our focus on adding products to the portfolio as more Bharat VI stage vehicles started to come back for repairs.

Lastly, on the Bearings and Industrial Solutions, we did have significant business wins, particularly in the product lines of ball bearings, needle roller bearings in the 2-wheeler sector and in the needle bearings as well. Some of the industrial applications on the spherical, the 4-row and the 2-rows cylindrical roller bearings along with the tapered roller bearings, specifically in the cement and the steel sectors as such. So, this has been our endeavor continuously to ensure that we have pipeline of business win coming so that we are ever prepared to capitalize as the demand begins to show more traction.

With that, I now move to the third part of the agenda, which is the financial highlights, and I draw your attention to Slide number 11, revenue from operations. As I mentioned earlier, when you look at the top chart and you look at the 2025 bars, you will find that quarter-on-quarter, we have been able to demonstrate a sustained growth and the last quarter, Q4 has been a significant increase, as you can see in terms of the revenue.

At an annualized level, we have closed the year with INR 9,395 crores as turnover. And if one were to look at Q4, the quarter-on-quarter growth has been 12% and the year-on-year growth of 26.9%. So very strong top line growth has been demonstrated.

Now where is this coming from? If you look at the table, the bridge below, you will find that the automotive brought into the system, for the quarter, INR 270 crores, aftermarket too, contributing INR 43 crores and Bearings and Industrial Solutions bringing in INR 120 crores.

And our export business bounce back very strongly in the last quarter, and that came in at about INR 128 crores. All in all, helping us to close the quarter with INR 2,643 crores for Q4, which is a clear 12% better than the preceding quarter and a 26.9% better than the same period compared to last year.

Now that said, obviously, our mix, how is that looking now? And as you can see, we still continue to sustain a pretty balanced mix of automotive, OEM business and our Bearings and Industrial business at 35% and 39%, respectively. The aftermarket, too, has performed much better and registered 11% share of the total sales mix, with our exports sustained at 15%, which is exactly in line with our plan as such.

Now that said, I move to the earnings quality slide, which is on Slide number 12. And here, what you see is the EBITDA performance for the quarter, once again demonstrating that every quarter-on-quarter, we have been able to increase our EBITDA numbers. And as you can see, while at an annualized level, we were able to deliver 19.6%. What you see is a quarter on 6.2% better than the preceding quarter, bringing in INR 505 crores into the kitty.

Now the bridge clearly explained as to where did this come from. The gross margin contributed with a blend of mix and volume effect that is coming in. We did have some expenses related to employee cost and some operating expenses, but all in all, strong bottom-line performance, which has resulted in a strong profit after tax, clearly visible in the third bar chart.

I would also wish to point out that there were some special or exceptional expenses that were coming in, and we have ensured that the impact has been absorbed, impacts coming due to regulatory changes on the Labour Code, which was attributing almost 0.8% for the quarter and which we have already absorbed that in the results that you see. So, with that, despite the absorptions, we have been able to post a strong profit after tax, at 12.4% compared to the 12% of the preceding year, Q4 of last year.

I now move to the working capital and the capex spend on Slide number 13. Our commitment to invest in capex continues. It may look that we are spending lower capex than what was spent last year because we have now started to leverage and ensure the sweating of the assets that we have already invested in last year. So we have judiciously started to adjust our investments in line with the demand and in line with the capacity that we have already installed. However, as a percentage to sales, we continue to operate at about 4% of sales in the last quarter.

We did have some good control on the working capital management. And in the quarter, we were able to manage and get the working capital as a percentage to sales down to 17.9% in Q4 which is much better than the 19%, which we were there for the same period last year or even on the preceding quarter, which was at close to 19%.

So that said, I did talk about the strongest performance also has been on free cash flow generation. And as you can see, the year-on-year change in the quarter, 56% improvement in the quarter itself has been a clear demonstration of the effort, sustained effort of the entire team to ensure that we bring in the cash to run the operations in a smooth and an efficient manner.

With that, I move to Slide number 14, which talks about the key performance indicators. And I already talked about the revenue in the quarter coming in and at an annualized level, closing the year with INR 9,395 crores which is a clear growth of 16.3% over the previous year. EBITDA at 19.6%, which definitely is better than the 18.5% that we delivered last year, resulting in an EBIT margin of 16.1%, again, better than the previous year's 15.2%. Profit after tax at 12.7%, it is better than 12.1% last year. And obviously, the free cash flow has been strong as well comparatively in this 12-month period.

I move to Slide number 15, which gives you the consolidated picture of our own subsidiary as well, the KRSV Innovative Auto Solutions Private Limited. KRSV or Koovers as we call it, also has been able to generate a revenue of INR 81.5 crores in the quarter, although we still have some way to go in the bottom-line performance. All I can say is that the performance of Koovers or KRSV is exactly in line with our plan. And at a consolidated level for the Q4, the revenue stands at INR 2,724 crores with an EBITDA of 18.4% consolidated, resulting in an EBIT before exceptional items of 15%.

And with that, I now move to another important subject, which is the dividend payout on Slide number 16. Yesterday, we concluded the Board meeting and the Board of Directors have recommended INR 35 dividend per share payout, which is well within our targeted dividend payout ratio, which we try and keep it between 30% to 50% of the net income. And I'm happy to say that this has been finally approved per equity share of INR 35. And this is something new that will result in the execution of it going forward as well.

With that, I also want to draw your attention to another milestone that we crossed on Slide number 17. I must say that we are extremely proud that we have been now evaluated by S&P Dow Jones Sustainability Index score, and we came out with flying colors and Schaeffler India Limited has been ranked first in India.

And incidentally, Schaeffler India has been ranked seventh globally as well. Now this, to us, is a very important step, clearly demonstrating our focus on our sustainability focus and the ESG targets that we have set for ourselves. And post the evaluation, the overall CSA score stood at 76 out of 100, which was a clear 40-point increase from the earlier evaluation that we did. And clearly, this is very motivating for us.

Looking at all the 3 areas of environment, social as well as governance, we are happy to see that we have continued to establish strong credentials and build confidence in the stakeholder community, and we will continue to work on whatever little gaps do exist. We have clearly identified action plans to that effect, and we will continue to work towards that.

I move to Slide number 18 to summarize, and we continue with a clear double-digit growth momentum, which we have delivered every quarter, and we have sustained that on a much

stronger footing in the Q4. As a result of which the volume growth, our earnings quality also has improved which is managing our capital efficiency very well and a clear focus on our localization, which we continue to march ahead, and we have managed in the quarter to take up the localization percentage as well.

Capex, as I already mentioned, that we continue to keep the focus and watch the market developments and accordingly keep adjusting our sales when it comes to capex as well as leverage, the already installed capacities that we have put in our plants. I'm happy to say that the last quarter, the capacity utilization in our plants have been pretty robust. And we had all the plants running well above 85% capacity utilization.

And on this note, positive traction in the marketplace, sound footing, the fundamentals being strong, our focus clearly on growth, pipeline generation and managing the cost elements within our operations, we enter 2026, and we look forward to a sustained growth and continue to deliver the strong results that we have much to the expectations of all our stakeholders.

Thank you very much. I hand over the call now to Gauri.

- Gauri Kanikar:** We can now begin the question-and-answer session, please.
- Moderator:** We have the first question from the line of Mukesh Saraf from Avendus Spark.
- Mukesh Saraf:** I'll just get the bookkeeping question out of the way. First, on the other expenses. This quarter, we've seen that rise to about INR 400 crores. Is there any lumpy item that you want to call out within that?
- Hardevi Vazirani:** Yes. Just give me a minute.
- Mukesh Saraf:** Yes, sure.
- Hardevi Vazirani:** For the quarter, that means quarter vis-a-vis quarter, we have other expenses in total, increasing by INR 72 crores. Within these INR 72 crores, we have certain services and true-up of costs for which the bills of the previous quarters were received in Q4.
- Mukesh Saraf:** Okay. Okay. So there's no one-off as such. It's just a timing of certain costs that are bunching up this quarter?
- Hardevi Vazirani:** Absolutely.
- Mukesh Saraf:** Got it. And now on the business itself, we've kind of seen that there's a large plant of the competitor on SRB, CRB for the industrial segment now beginning operations. So, I mean, have you started seeing any increase in competitive intensity, say, for segments like iron and steel, cement, etc, on the SRB, CRB bearings, given localization has increased within the industry. So anything that you could highlight there?
- Harsha Kadam:** Yes. Mukesh, so rightfully, our strategy is very clear. We keep increasing our localization content, I think last quarter, we reached a percentage of 78%, correct, localization?

- Hardevi Vazirani:** Yes.
- Harsha Kadam:** It was at 78%. So clearly, we will continue on this journey to localize and predominantly, our focus is on the spherical roller bearings, where we see a lot more potential to continue the localization.
- So the other part of your question is there increased activity in terms of competition? Well, competition always exists in the market, and we acknowledge the presence of the competition. However, our focus remains of turning our own growth strategy. We'll continue to do that.
- Mukesh Saraf:** Got it. Got it. And secondly, your Automotive Technologies growth is quite strong. And I think in the past, you have kind of mentioned that you have decent supplies for strong hybrids. So have we started seeing any benefit? Because I think we've seen one launch, one mass market launch on the hybrid side from a large OEM. And we also noticed that a lot of the other OEMs are talking about a lot more hybrids, say, in the next coming year or so. So one is, have you already started seeing some benefit? And secondly, are you seeing a significant increase in activity levels with respect to hybrid powertrains?
- Harsha Kadam:** Let me treat that. There are 2 parts to the question. One, yes, we already have a business win on the hybrids, which we have started the series production as well as supplies from our Indian plant. Certainly, there are a few more projects in the hybrid space with some of our esteemed customers that we are working with, correct. And they have to go through the homologation and the validation process, which is work in progress. I'm sure we will sustain that as well.
- Regarding, is there an increased interest from our OEM customers, I guess we will have to wait and watch because, yes, hybrids too have become very attractive for our OEM customers. So while the battery electric vehicles also have seen an upswing, we're also seeing a traction on the hybrid technology. We believe that both these will coexist going forward as well.
- Mukesh Saraf:** Right. And the CPV, the content for us is higher in hybrid vis-a-vis C&I?
- Harsha Kadam:** Yes, obviously, because the hybrid technology, what we deliver is at a module and subsystem level. So the value of which is definitely much higher, which obviously raises the content per vehicle. That's number one. Number two, the hybrid product or solution that we offer is an add-on to the ICE engine technology, so it kind of obviously increases our content per vehicle.
- Moderator:** We have the next question from the line of Abhishek Ghosh from DSP Mutual Fund.
- Abhishek Ghosh:** Sir, in terms of Vitesco, if you can just help us understand where are we in terms of the integration? Are the benefits of that already accruing in terms of the new wins that you have spoken about?
- Hardevi Vazirani:** Yes. Can you come closer to the mic?
- Harsha Kadam:** Yes, you are not so audible, please. Can you repeat that?
- Abhishek Ghosh:** Is it better?

Harsha Kadam: Yes, that's better.

Abhishek Ghosh: Sir, my question was around Vitesco. Where are we in that journey in terms of the integration of the operations? Are we already seeing some benefits of coming through in terms of new wins or the margin profile? Just the thoughts on the Vitesco integrations, sir.

Harsha Kadam: Yes. As we already have concluded a merger of the Vitesco, in front of the customer, there is only one brand that is represented and that is Schaeffler. Regarding your question as to whether we have new business wins, of course, we do have new business wins. We have a lot of business wins in the BMS or the Battery Management System, as we call it, particularly in the Battery Electric Vehicle space with a couple of our OEMs.

I think our designs have been approved, and that's something we foresee. So surely, there's a lot of offerings since it's in the electronic and in the hardware space, coupled with the software that we give. I think we are seeing very good response, and we believe that we can definitely leverage the offering going forward. We have started to consolidate and grow our offerings with many other OEMs as well.

So surely, Vitesco portfolio is very complementary to our mechanical product offerings that we have been giving all these years. And we now are on a stronger footing to give a much higher value add to our own customers. And we see that already represented in the new business wins like the BMS that I talked to you about.

Abhishek Ghosh: Okay, sir. That's helpful. Sir, just in terms of the exports, we have seen very strong growth coming in there as well. So is it base catching up? From a particular region, are you seeing good demand from wind or any segment, which is driving? If you can help us with that, sir.

Hardevi Vazirani: I mean, so far as our exports is concerned, the numbers that we report does not have wind in it. Our sales to the wind customers is in our domestic sales who onwards export their products. If we talk only about our own export, we have seen the growth coming from all the regions, mainly from Europe and Asia Pacific.

Harsha Kadam: Yes, there are 2 parts that Abhishek was asking. One is our own exports to assist our concerns across the globe. Wind since you've touched upon, our own wind business has grown quite significant at an annualized level. We have already grown 17% to 18% over the last year comparatively. Even in the quarter, while the quarter was a little lower compared Q4 over the same period last year was just about 4% growth.

But Q4 over Q3 was still a 15% double-digit growth that we have registered. So a strong performance in the quarter from our wind business. And as Hardevi was already explaining, we don't bracket or categorize the wind sector business under exports. Our customers will be exporting those equipments, but that we don't treat that as export for us, it's a domestic sale.

Abhishek Ghosh: Got that, sir. Sir, one last thing is, you called out your utilizations are north of 80%. How are continuing to grow at a much higher pace. And you also largely in the CY '25, you have moderated your capex. So how should we look at the capex from a 2- to 3-year perspective,

given that your parent has also rolled out a 5-year strategy for you all? In this light, sir, how should we look at it? Will growth get compromised at any point in time because of capacity constraints because your pace of growth is far higher than the underlying industry? So that was the last question.

Hardevi Vazirani:

So I will explain your question in two parts. Yes, our capacity utilization is over 85%. However, the plants continuously work on improvement of productivity and OEE through some small measures. So they can still absorb a much better capital utilization. The second part is, yes, we had moderated our capex in the year 2025 deliberately, because we wanted to focus on utilization and capital efficiency. However, talking about 2026, we will be stepping up again to the average of previous 3 years level over INR 500 crores to begin with in 2026, the numbers, which were announced by Mr. Rosenfeld, our Group CEO, are for the period of 2026 to 2030. And beginning '26, you will see the capex scaling up.

Harsha Kadam:

Also, if I may add, Abhishek, if you look at our performance, we have strived to always deliver a double-digit growth rate. And clearly, on a midterm frame, as Hardevi pointed out, we want to sustain a double-digit growth rate. If we had to do that, obviously, it goes without saying commensurate with the growth rates. We will have to continue our capacity investments as well. We will continue to do that.

What we want to do is also look at the market dynamics and bringing the appropriate products into India for localization, not do something in a hurry, and then we realize that the market has changed. So it's important that we align our capacity investments in line with the future product demands that are very specific to India needs. So hence, we would moderate at times. However, we might even accelerate at times. You will see this happening.

Moderator:

We have the next question from the line of Mahesh Bendre from LIC Mutual Fund.

Mahesh Bendre:

I have one question. Sir, India and the European Union is expected to sign a trade agreement shortly, detailed one. So will there be any benefit come on our way?

Hardevi Vazirani:

Yes. So surely, there will be benefits coming our way, specifically when we talk about import of raw materials and components, the child part, where we expect. However, further details of FTA are not announced. Currently, we are paying duty in the range of 7.5% to 15% on import of raw material. But the new rates have not been announced as yet. Talking about imports of finished goods, yes, as a group, we will be benefited. But even there, the rates have not been announced. On exports to Europe, the import duty is already in the range of 0% to 2% there we do not see any major benefit or change.

Harsha Kadam:

Also, I think it's pertinent, Mahesh, to also factor that some of the component level imports that we do is because we do not have suppliers locally. So while we have strived to localize the development of these components as well. Now with the FDA getting signed, obviously, it is important for us to revisit those strategies as well because if it is now competitive to continue to import the components, should we go for localization. That is something we will definitely take cognizance of.

- Moderator:** We have the next question from the line of Balasubramanian from Arihant Capital.
- Balasubramanian:** Congratulations for good set of numbers. My first question, you've mentioned the wind business growth rate 17% to 18%. But if you look at last quarter, some sluggishness because of timing differences in project-based sectors like wind and railways. I'm trying to understand in the Q4 improvement, it's simply the realization of those delayed projects? And if you could give some update on the railway side. It's only because of the wind or we are seeing improvement on the railway side also?
- Harsha Kadam:** So Mr. Balasubramanian, you have asked that the right questions. So, if we look at all the sectors that we operate in and do business in, some of the sectors also have a business cycle that are time dependent as well. So in the fourth quarter of last year, for us, the railway and the wind actually posted lower numbers.
- But it was definitely not in the negative range. It's better, but then compared to the other sectors, such as power transmission or the raw material sectors or industrial automation or even the aftermarket business, what we see is that while all these sectors registered a very robust growth, there were a couple of sectors, which showed a little weaker growth. And I would say this is due to the timing issue or some of them are tender-based businesses. So tenders not forthcoming. So this is what I would talk about the the railways as one of the sectors and the wind energy.
- Hardevi Vazirani:** I mean having said that, and Harsha said that full year growth was very impressive.
- Harsha Kadam:** Very impressive.
- Hardevi Vazirani:** But if we look at quarter-on-quarter change, there are of course, project-based and tender-based timing issues.
- Balasubramanian:** Got it madam. Madam, my next question, on the KRSV side, we have seen the losses have been widened nearly 18.3% or 14.7% in this quarter. What are the specific milestones for CY '26 to get a track for 2027 breakeven? And our current strategy is basically store expansion since majorly prioritizing top line growth at the cost out for higher expenses, when will the focus will shift into profitability?
- Hardevi Vazirani:** So in 2026, you will see that we have done quite a good infrastructure set up on dark store and hub now and this growth will now moderate in 2026. And more focus will be on the channel and product mix from now onwards because we have sufficient dark stores and hubs in place. So, more focus will be on channel mix. We have 3 channels there, wholesalers, retailers and workshops. So we will be balancing our channel mix there as well as we will be looking at the product mix based on different geographies. So, moving forward, you will see that the financial parameters will start improving.
- Harsha Kadam:** Also, if I may add, the last 2 years, we've been investing in establishing the infrastructure base, which we have done. And now we have a very clear plan when to breakeven. What is important is to stay focused on the services mix that we have, the product mix that we have as well as increase the efficiency of the processes that we have put in place. So the focus is on how do we

increase the business and sales to happen in each of the locations that we have started to operate in and we have started to keep the focus high on deliverables from each of those places where we have started to invest in.

So the last quarter performance clearly indicates that we are well on track to deliver the numbers. In fact, we did see some better improvement in profitability as well going forward. I'm sure we will be able to register or sustain the same momentum and deliver in line with the plan that we have set for Koovers.

- Moderator:** We have the next question from the line of Raghunandhan N. L. from Nuvama Research.
- Raghunandhan N. L.:** Congratulations, sir, once again for the stellar number. Sir, on the Shoologiri plant, can you indicate how the capacity ramp-up is expected to pan out in future? If possible, can you indicate the investment in CY '25 and '26 and how you see the capacity utilization in '26?
- Hardevi Vazirani:** So capacity utilization in all of our plants is over 85% currently. And this year's capex was in the range of INR 375 crores to INR 400 crores. We will be, again, scaling this up in 2026 in line with what we did from 2022 to 2024. So we have continued to invest in capacities for the products which are relevant for market and new technologies that the market is expecting.
- Raghunandhan N. L.:** Noted ma'am. On relocation of the clutch line from U.K. to Hosur plant, has this reflected in revenue in Q4? Can you indicate the revenue potential for this clutch line in CY '26?
- Hardevi Vazirani:** So the relocation is done. However, it takes time to lay out the complete lines and then we will see the realization.
- Harsha Kadam:** Work in progress.
- Hardevi Vazirani:** Yes. So the full realization we will see in this year. However, still we will not be disclosing the numbers as the order books are being relocated based on the stocks availability at different locations.
- Raghunandhan N. L.:** Noted, ma'am. On the e-Axle, can you indicate how the progress is happening? How are you expecting the ramp-up to take place for next year, given that you already have a very large order book there?
- Harsha Kadam:** So let me start on the e-Axle with the numbers that we had projected for 2025. I'm happy to say that we have exceeded those numbers, which is very encouraging for us because we have started to invest in the next phase of localization of the production itself, which is going according to the plan that we have already laid out.

That said, and looking at the -- all customer vehicles winning in the marketplace. We are now seeing more traction for new platforms as well, which we have started to engage with other customers. So rightfully, as and when we have the new business wins that come up, you will get to hear in the future earnings call as well from us.

Raghunandhan N. L.: On exports, can you indicate how do you see the demand conditions in key geographies? And recently, there was this news on the RoDTEP scheme, where the incentive has been reduced by half. So would you be able to quantify how much was the roadmap export incentives for CY '25.

Hardevi Vazirani: So we see that the order book for 2026 is in line with last year. That means 2025. In 2025, we already saw the demand coming back. But moving forward, we don't see that the same momentum of 35% will continue. Now it will moderate based on the economic growth projections specifically of Europe and Asia Pacific, we do not see that it will be more than 5% to 10%. So that is going to be the export scenario in 2026.

Raghunandhan N. L.: And would you have it handy, the RoDTEP export incentive for CY '25?

Hardevi Vazirani: No, I will let Investor Relations reach out to you.

Moderator: We have the next question from the line of Harshit Patel from Equirus Securities.

Harshit Patel: Sir, my first question is on the BIS segment. We have posted a very healthy growth on both Y-o-Y as well as Q-o-Q basis after a few relatively muted quarter. What changed in this particular quarter? You have highlighted the timing of projects in railways and wind as one of the reasons. Could you also highlight other factors? And do you believe that the current revenue run rate will further accelerate from here in this segment?

Harsha Kadam: So Harshit, is your question towards the other sector performance?

Hardevi Vazirani: In Q4.

Harshit Patel: Q4.

Harsha Kadam: Yes, if one were to look at our Q4 performance, compared to Q4 last year, you would see a double-digit growth in all the other sectors on the industrial space, which is a clear indicator that, obviously, the market demand had a positive traction, which we were able to better leverage. So as I already mentioned, some of the weaker performance was from the wind and rail, but however, all the other sectors registered a very strong performance in the quarter.

Harshit Patel: Right. Understood. Secondly, on the automotive technology, we have posted a growth of almost 42% Y-o-Y, significantly ahead of the automotive production volumes growth in the country. Obviously, you have mentioned some of the key business wins that you have registered for the past several quarters and that would have definitely contributed. But would you say that the majority of the growth in this particular quarter would have come from the ramp-up of the E-axle project. Would that project have the highest share of the growth that we have posted? And I mean, obviously, the growth rate could moderate from this very high level, but should we continue to see the heightened kind of growth in the Automotive Technology segment ahead?

Harsha Kadam: So let me clarify that while what you said about the e-mobility business growth being very strong for us, yes, it's a fact as our customer models are being in the market, and so we are riding on their success. And it goes without saying that we will continue to increase our competitiveness here by way of the localization phase 2 that is currently ongoing in the production lines for our

e-axes. However, I must also point out that even in the internal combustion application, I see engine applications, we have registered pretty strong growth whether it is in the clutch applications or in the damper systems, so engine and transmission applications also we have registered pretty strong wins.

As I already pointed out, we continuously strive to secure new business wins, and we had a very strong book-to-bill ratio going forward. We remain focused on ensuring that we continue to create the pipeline and accordingly also make the appropriate investments in production capacities even for the ICE engines as we believe that in the midterm, we still see growth happening in the ICE engine applications as such.

So it goes without saying that even if it were to grow at 4% to 6% GST 2.0 reforms, notwithstanding, it is a clear indicator that we must continue to invest if we want to sustain the growth and also capitalize the market opportunity that we see. So there have been areas like train systems as well, we have started to focus.

The numbers are small, but we're confident going forward, the built-in chain drive systems. So all the application and the products that go in and around the ICE engines, we continue to keep our focus. And what you see in the Q4 is exactly that, the focus has helped us to grow at very strong double-digit growth rate in Q4 even in the ICE engine application.

- Moderator:** We have the next question from the line of Sagar Parekh from Renaissance Asset Managers.
- Sagar Parekh:** I think you've answered my question, but essentially, I just wanted to understand this FTA with EU, just I'm reiterating what you said. So you said that on the export side, there is no impact because the rates are almost 0% to 2%, right?
- Harsha Kadam:** Correct.
- Sagar Parekh:** And on the import side, you are still waiting for the rates to be seen like right now 7.5% duty. If that goes down, then we can see more imports from EU, right understanding?
- Hardevi Vazirani:** Absolutely.
- Sagar Parekh:** Okay, sir. And anything on the U.S. FTA, where we can see some momentum or nothing there?
- Hardevi Vazirani:** No, there is nothing as such.
- Harsha Kadam:** Also, the U.S. FTA clarity is still to come, correct? The commodity or on item level is still not being ready. But I think our exports to U.S. is also not very big. So I don't think that would be.
- Sagar Parekh:** But can it become meaningful if there is some material changes in the rates?
- Harsha Kadam:** Well, again, I guess, the similar pattern would emerge where the import duties would have to come down because the amount of contention is what has imported into India, right? What goes out of India, obviously, if the export duties were kept at 0 or rather import into U.S. were kept at 0. We don't see that any differentiation there as such. So we believe that, yes, our export

business would strive purely on our own competitiveness in the Indian market space, when looked at globally. So, I guess that's the only differentiating factor that we have.

Moderator: Ladies and gentlemen, as there are no further questions from the participants. That concludes the question-and-answer session. I now hand the conference over to Ms. Gauri Kanikar: for closing comments. Thank you, and over to you, ma'am.

Gauri Kanikar: Thank you, everyone, for joining us today. If you have any further questions, please do reach out to me at gauri.kanikar@schaeffler.com. With this, we conclude the call and wish you a good rest of the day. Thank you.

Harsha Kadam: Thank you. Thank you all.

Moderator: Thank you, members of the management. On behalf of Schaeffler India, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.

(This document has been edited to improve readability)

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