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BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai-400001
Company Code: 505790

National Stock Exchange of India Limited
Exchange Plaza, C – 1, Block G,
Bandra-Kurla Complex, Bandra (E),
Mumbai-400051
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 Thursday, October 29, 2026.

04/11/2026

Dear Sirs,

With reference to our letter dated October 29, 2026, please find enclosed the transcript of the Analyst/Investor meet held on Thursday, October 29, 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

Digitally signed by ASHISH TIWARI
DN: cn=ASHISH TIWARI, c=IN, o=Personal, email=ashish.tiwari@schaeffler.com
Date: 2026.11.04 12:53:45 +05'30'

Ashish Tiwari,
General Counsel & Company Secretary

Encl.: As above

Registered and Corporate Office: 15th Floor, (ASTP) Amar Sadanand Tech Park, Baner, Pune, Maharashtra, India – 411045 Tel: +91-20-68198400 | Fax: +91-20-68198405
CIN: L29130PN1962PLC204515, www.schaeffler.co.in, info.in@schaeffler.com,

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Schaeffler India Limited

Q3 CY26 Earnings Conference Call

October 29, 2026

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

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

MS. GAURI KANIKAR – HEAD OF INVESTOR RELATIONS

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Moderator: Ladies and gentlemen, good day, and welcome to Schaeffler India Limited Q3 CY26 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 touchtone phone. Please note the conference is being recorded. I now hand the conference over to Ms. Gauri from Schaeffler India Limited. Thank you, and over to you, ma'am.

Gauri Kanikar: Good morning everyone, and welcome to Schaeffler India Limited's Earnings Conference Call for the third quarter and nine months ended September 2026. Today, we have with us Mr. Harsha Kadam our Managing Director and Chief Executive Officer and Ms. Hardevi Vazirani, our Director of Finance and Chief Financial Officer. As always, Mr. Kadam will first take us through a short presentation on the results, and then we will open the floor for questions. Thank you, and over to you, Mr. Kadam.

Harsha Kadam: Good morning, and a very warm welcome to this third quarter and nine months ending business performance.

Hardevi Vazirani: Good morning from my side as well.

Harsha Kadam: Yes. Let me briefly take you through the presentation, and I would be covering three broad areas as that is indicated on Slide number 3 of the presentation. First would be a little light on the economy and the industry. Second would be on the business highlights for the third quarter and nine months ending for 2026. And lastly, the financial highlights for the third quarter and nine months ending 2026.

Let me draw your attention to Slide number 4, where I will talk a little bit about the economy. Now as you can see, a strong performance from an economic standpoint on the Indian economy. The estimated growth was at 6.4% in the third quarter. And the numbers that are coming out is much stronger than that. However, despite the global uncertainty, the volatility that exists around us today, India still has come out stronger.

And the International Monetary Fund recently has upgraded its full year growth forecast to average 7% GDP on the back of a very strong robust domestic market and also the booming digital services sector as well as the exports business. If one were to look at the Index of Industrial Production, strong manufacturing output in the automotive industry, on the back of the GST 2.0 drive has helped in terms of beating the targets as well, and it has reached an all-time high of 7.7% IIP, as you can see there.

The growth is structurally sound, and it is led by heavy manufacturing and also the utility sector as well as the power and electricity generation sector, all have done exceedingly well in the quarter. The automotive production has been one of the stellar performances. As I mentioned already, the GST 2.0 is propelling the growth, bringing in a very strong traction in demand.

And this is, as you can see from a Q3 year-on-year growth standing at close to 31%, 32% and a quarter-on-quarter almost at 23%. Passenger vehicles by far leading the pack with 25% growth and tractor sector too on a muted monsoon performance, still at 7% growth. A cautionary trend is on the inflation. As you can see, the Consumer Price Index, food prices have started to increase

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quarter-on-quarter, and that's the alarming sentiments that are prevailing on the food inflationary increases that have happened. With that, I move to the next slide, which is more focused on the sectors and what you see is the industrial sectoral performance.

And very clearly, on the back of the focus from the Government of India on the core infrastructure sector, we have seen the core industrial sectors such as cement, steel doing it pretty well, registering a strong growth there as well. Month-over-month, as you can see over the previous years in the bar chart, cement production in the country has been consistently growing and average growth rate almost over 9.3%, as you can see over the last year.

Steel, on the other hand, continues to be at the same levels as last year, but marginally again, growing at about 3%. Mining and coal production with a clear focus on renewable energy sector. So the coal is something that always fluctuates and talk about power generation.

Again, as I said earlier, strong growth in energy demand in the country and which is clearly growing at about 8%, very strong focus on the renewable energy and overall, the energy security that the government is bringing in a focus as such. Moving to Slide number 6, a little light on the automotive sector performance.

Almost all the automotive segments have performed exceedingly well. As you can see, the 2- and 3-wheelers also have grown phenomenally and close to 3 million produced only in the month of September has consistently shown the growth of the two and three-wheeler business in India. And fortunately, with the festival season split between October and November, some of the strongest growth months are yet to be crossed.

Passenger vehicles have been one of the strongest performances with a year-to-date growth of almost 18% growth, which you are seeing there. Again, once again registering an all-time high production level in passenger vehicle segment. Interestingly, the commercial vehicle also has registered a very strong 21% growth, as you can see, month after month, continuing to grow. Commercial vehicles have always been a cyclical business. And I guess we are seeing the peaks of the business, but we'll have to wait and watch how it pans out in 2027.

But for the moment, this year, commercial vehicles too have registered a pretty strong growth compared to last year. Tractors have been performing as expected, although on a little bit of muted monsoons that we have been hearing. We still have to track and watch what's going to happen to tractors in the next 3 months. However, so far, tractors have registered a year-to-date growth of 18% over last year, as you can see in the bar chart. That said, I move to Slide number 8, where I would throw light on the business performance.

On this backdrop, with all the volatility in the market, the uncertainty in the market, the challenges in the export market, what we were able to bring into the company was a revenue of INR 3,005 crores for the third quarter, which was a 27.4% growth over the same quarter last year and a 12.1% growth over the preceding quarter. Almost all the business segments have been able to deliver a double-digit growth rate for us in the quarter.

This has resulted into an EBITDA of 18.7% in the quarter of this year compared to the preceding quarter of 19.1%. The margins did come under pressure due to the increased input costs as a

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result of the volatility that is existing in the market and also the West Asia crisis, which has impacted the energy cost and the fuel prices and some of the cascading impact that it has had on the downstream operations as well. So, with that, our margins came under a bit of pressure, and hence, you see a marginal drop from 19.1% to an 18.7%.

The profit after tax, too, came under some challenge with 12.3% in the quarter against the 12.6% over the preceding quarter. It was impacted due to increase in working capital, some that were planned and some a little unplanned inventory buildup that we had lined up in our e-mobility sector. Some challenges on the price recoveries from our customers due to the inflationary increases, which is still work in progress for us and also on the account receivable situation, which we still are getting our hands around to address it in the next in this and the coming quarter.

Obviously, with that, we did see some impact of all these coming on to the free cash flow, and we registered only INR 41 crores of free cash coming into the system, which was phenomenally lower percentage, as compared to the preceding quarter as well. But that is something we are focused upon to recover the situation on the free cash flow in the coming quarter, and we will try and deliver in line with our expectations as well. The good news is our capex framework still remains strong.

In fact, we did have the highest capex spending happening in the third quarter, which I will come to in a while. Let me move to Slide number 9. What has kept us going and the revenue growth that you see is because of a strong pipeline of new business wins. We continue to keep the focus on winning new businesses with our existing customers as well as with new customer acquisitions that we do. And as a result, as you can see in the Automotive Technologies space, we did have a lot of business in the engine application portfolio such as our lash adjusters, HLA-RFF, the roller tappets and so on.

We also had some strong business win in the clutch portfolio for the automotive application, passenger vehicles in particular, and some of the rocker arm assemblies that go into the engine. So we have had some significant business wins, which ensures we continue to keep our top line growth going forward as well.

Talking of the aftermarket, the Vehicle Lifetime Solutions as well, new business wins coming from the front-end auxiliary drive, the timing kits, bearings portfolio and significant growth in the lubricants, which continues. We've also increased our focus into our portfolio of products that we are bringing into the aftermarket space. And this too is resulting in our portfolio expansion in the Vehicle Lifetime Solutions space.

Talking about the Industrial division, the Bearings and Industrial Solutions. We have been consistently focused on increasing and securing our market share in many of the portfolios, cylindrical roller bearings and the medium roller bearings and ball bearings in particular, whether it is in the automotive segment or with the high-value solutions such as the actuators and bottom roller bearings in the industrial automation sector, or for that matter, even within the railway sector with our TAROL portfolio of products and the TRB portfolio of products, we have had some significant business wins.

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Now all of this put together secure the pipeline to consistently keep increasing our revenue growth, and that's how you see us being able to deliver a double-digit growth consistently. That said, I now move to Slide number 11. If one were to look at the total revenue that we generated from our operations, as you can see, INR 3,005 crores coming in the third quarter and which was a clear 12.1% growth over the preceding quarter and a year-on-year growth of 27.4%.

Now this revenue split between the businesses that we operate in, Automotive sector clearly grew by 17.3% over the preceding quarter and 35% over the same quarter last year. While the aftermarket Vehicle Lifetime Solutions grew 2% over the preceding quarter has also delivered a 22% growth over the Q3 of 2025.

The Bearings and Industrial Solutions also has delivered 10.2% growth over the preceding quarter. And as you can see here, 14.7% over the same period last year. Not to be left behind, our export business, which we call it as intercompany, delivered 12.7% over the preceding quarter and 46.3% over the same period last year.

What has this growth done to the mix of our portfolio. And as you can see on the pie chart to the right, our Automotive Technologies still continue to be at about 37% of the revenue, Bearings and Industrial Solutions coming in close second with 35%, followed by our export, which has cropped up from 15% in the last quarter to 17% and our Vehicle Lifetime Solutions, which is at about 11% of the total revenue kick.

So, with all this, we still continue as a motion technology company to keep that interesting balance of our portfolio mix, thereby we continue to manage the vagaries of the market environment that we operate in, and the balance helps us to sailing in a much stronger in spite of all the headwinds that we come across. With that, I move to Slide number 12, talking a bit on the earnings quality. And what you see here is the EBITDA performance.

And as I already shared, in the quarter, INR 562 crores coming into the quarter at an EBITDA level, which is a clear 9.4% improvement over the preceding quarter and an 18% improvement over the same period last year. I must say reasonably good performance despite the challenging market environment and the headwinds that we have been facing.

Now if one were to look at the split of where this EBITDA came in from, a gross margin improvement brought in about INR 192 crores within the quarter. And this has been primarily due to the efforts of recovering some of the inflationary input cost increases that have happened, and we have been successful to recover. Is this all? No, it is not. This is still work in progress, and we are still on the way to recover the entire increases that have happened. On the other hand, we did have some employee cost increases that have come in marginally at about INR 44 crores and some other income issues that have come in at about INR 62 crores.

But that said, we have been able to sustain and hold on to our profit after tax, although at a decimal percentage point level, there has been a drop over the preceding quarter from a level of 12.6%, the profit after tax came down to 12.3% in the quarter, bringing in about INR 370 crores. That said, which is also still a double-digit improvement over the preceding quarter.

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Year-on-year, as you can see, it's close to 21%. From a summary point of view, the earnings quality was impacted marginally, mainly coming on the back of the input cost increases predominantly from fuel prices and of course, the FX foreign currency exchange rates as well. That said, I move to Slide number 13. What you would see is the increase in working capital, which has gone up and as a percentage of sales has crept to almost 19% levels.

The reason for this is we did have some planned increases - due to our localization projects, we have to continue to service the customers. And this is something we wish to bring it back under control as soon as possible, and there's a clear focus on how we want to address the working capital increases, and we will try to do this going forward now.

That said, free cash flow, which I already mentioned at the beginning of my presentation that, this is an area where we still have to do a lot more work. In this quarter of Q4, our work is clearly cut out to keep the focus on working capital management and the free cash flow recovery as well.

On the capex, as you can see, clearly, in the third quarter, we have invested INR 182 crores in the third quarter alone, and this has complemented the overall performance, which were a little muted in the first two quarters and our commitment to invest for the future growth of Schaeffler in India stays the course.

That said, let me move to Slide number 14, which gives you the overall indicators. And as you can see, I already talked about the 27.4% year-on-year growth and the 12.4% quarter-on-quarter, bringing in an EBITDA margin of 18.7% and an EBIT margin of 15.7% with a profit after tax of INR 370 crores, a capex invested INR 182 crores and with a free cash flow of INR 41 crores in the quarter.

Translate that to the nine-month period, what you see is a 21.4% growth over last year at a nine-month period and with an EBITDA margin of 19% and an EBIT margin of 15.8%, still a strong profit after tax margin of 12.5%. Our capex stands at a level of INR 357 crores for nine-month period with a free cash flow of INR 274 crores.

Moving to Slide number 15, where this slide gives you the split between the subsidiary company, KRSV Innovative Auto Solutions Private Limited, which brought in INR 83.7 crores of revenue in the quarter with still a negative EBITDA of 17.6% and an EBIT of -19.4% at a consolidated level at Schaeffler India Limited.

So that brings in a revenue of INR 3,089 crores in the quarter at 17.7% EBITDA and with an EBIT of 14.6%, as you can see here. With that, I come to my last slide, which is Slide number 16. Our commitment to generate value to all our stakeholders is clearly still our focus, remains our focus, and we continue to deliver a double-digit growth momentum year-on-year across both our domestic and on export businesses.

Yes, we did face some challenges, and the work is in progress on the margin recovery, and we clearly keep our focus to recover the situation in this quarter, fundamentally, which is coming on the back of the West Asia crisis. Working capital, I did already spell out that some of it is

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planned and some of it has happened now due to the challenges in terms of our sourcing options, which we are addressing it.

And this too, we should get it under track in this quarter. And as always, we remain committed to deliver our stakeholders the results that we always stand to deliver. With that, I come to the end of my presentation. Over to you, Gauri.

Gauri Kanikar: We can begin with the questions and answer session please.

Moderator: Yes. Thank you very much. The first question is from the line of Krupashankar from Avendus. Please go ahead.

Krupashankar: My first question is on the gross margin. While it was mentioned in the previous calls as well that there will be certain price hikes to be taken in the second half. Just wanted to get a sense around what is the percentage of cumulative cost inflation which has been recovered so far? And what are the measures taken for this further recovery in fourth quarter? That will be my first question.

Hardevi Vazirani: Thank you for your question, Krupashankarji. So gross margin is impacted largely because of the input prices, that is the raw material price. And as a percentage of quarterly sales, it is around 1.1% approximately. And 50% of it is already recovered. And 50% of it is currently under negotiation stage with several customers. Historically, we have been able to recover approximately 80% to 85% of such price increases, and we are very confident that the sales teams will succeed this time as well.

Krupashankar: Understood. The second question was on the inventory buildup. I did hear that, Harsha, I think you did mention that the inventory buildup was due to an unplanned part in the e-mobility business. Just wanted to double-click on that and check if it is due to the customer schedule cuts or any program delays? Any comments on that, sir?

Hardevi Vazirani: No, it is other way around. It is because of an unbudgeted increase in the demand for e-mobility. We had not planned that such a sharp increase will come in Q3 and Q4, but it has come now. And we must build up the inventories for Q4. And very likely, these inventories will be sold out. So, by December, we will see the correction.

Harsha Kadam: Also, our input component level inputs going through the logistical challenges that we are having because of the West Asia as well. We felt it while the market is very bullish here, so it was important for us to shore up the stocks and inventory so that we keep our operations running. The plants are at full capacity utilization levels. We have been able to sustain that only because of a little bit of correction on inventory.

Krupashankar: Understood. Last question from my side. On the Industrial Bearings and Industrial Solutions segment, good to see that we are back on the double-digit growth. Just wanted to check, given that the previous call, we had commented that there was a large industrial order. Just wanted to check if that has started shipping.

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And adding on to that question, industrial automation has been much talked about over the last year or so. How large is industrial automation within the Bearings and Industrial Solutions today? And regarding the actuators, which are made, are these made locally? Or are they largely imported?

Harsha Kadam: Good question, Krupashankar. So, the industrial automation is an important sector for us. And globally, as Schaeffler, we have a very strong portfolio there to gain more share into that sector. And India is also one of the hottest markets. To answer to the first part of your question today, if you see the industrial automation sector for us in India is just about 3% of the total.

It's not a very big sector. But we see the potential to grow this sector and one of the challenges we have faced is the portfolio of the products we are importing today. Why? Because the market also needs to give us those economies of scale for us to invest in full production lines, which we have not done. But this is something that we clearly are building up in our strategy to see how we become more competitive in the industrial automation sector, which is predominantly the machine tool industry, the robotics industry and the humanoid industry.

So, this is something that is very well on our radar. And right now, the bearing portfolio is something we offer locally manufactured. However, when you talk of actuators, whether it is a rotary actuator or a linear actuator, we still continue to import. And that is something clearly a potential opportunity for us to strategize going forward.

Krupashankar: Got it. The large industrial order, have you started shipping that piece, what we had announced in the second quarter results?

Harsha Kadam: If you can enlighten us on the large industrial order.

Krupashankar: So sorry, last quarter, we did mention that we have won a large order in the Bearings and Industrial Solutions business. Just wanted to get understanding that whether we have started supplying that already? Or is it expected from the next quarter?

Harsha Kadam: Are you referring to the exports you mean? Is this for the exports?

Hardevi Vazirani: The business wins...

Harsha Kadam: Business wins, which I show every quarter is for the domestic market, Indian market, okay? And surely, those we have started to ship because we clearly have the time frames. I wouldn't be putting this up on public domain if we are not clear on secured and when the SOP starts, correct. But also, what you see is on the export side, as you can see, there has been a strong traction in demand and particularly in Q3, we see export as a percentage of our total revenue going up to 17%. So that, again, we are fulfilling. So, these were the two main things which we commented in the last quarter as well.

Moderator: Next question is from the line of Harshit Patel from Equirus Securities.

Harshit Patel: My first question is on exports. They have grown about 46% YoY, much well ahead of the 15% to 20% momentum we have indicated in the past. So, could you help us between the rupee

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depreciation and the genuine volume and the new geographical allocation we would have received from the parent? Just a flavor on how this will pan out in the near future.

Hardevi Vazirani: If we look at how the development has taken place, we see that Europe continues to lead in the order book and almost close to 45% of exports is to Europe. And next in line is Asia Pacific with 35% and rest of it is China and America.

So a large portion of it is Europe and Asia Pacific. And we have seen good order book coming from Europe and Asia Pacific, and we are able to fulfill with the capacities that are available mainly in the bearing side. So the most exports are on the bearing side.

Harshit Patel: Understood. Just a small follow-up on that. This quarterly run rate of more than INR 500 crores, do you think this is sustainable? Could we take this as a new baseline for our exports?

Hardevi Vazirani: No. I mean that's not how it is. We get the quarterly order books and we fulfill that because there is a ninety-day frozen period. The Q4 that we are looking would be slightly lower than that unless and until some surprise comes. But at this point of time, we would not say that it is an ongoing way of looking at it. That means it's not a permanent thing. So based on the ninety days frozen period, we look at the order book.

Harshit Patel: Understood. My second question is on Bearings and Industrial Solutions. This segment grew about 15% year-on-year and 10% sequentially. It's a clear step-up in the growth which we used for the previous several quarters. And I think this is also in line with your aspiration of double-digit industrial growth.

Could you help us understand which end markets drove this particular pickup, especially wind after the contract negotiation that you mentioned, I think, a few quarters ago? And also how was the performance of railways? Is this kind of double-digit growth sustainable going into next year that is 2027?

Hardevi Vazirani: So, if we see quarter-on-quarter growth, the areas which grew are mainly two-wheelers, raw materials, wind and distribution. There are four of those areas where the growth momentum was much above double digit, which ultimately led to overall growth.

Harsha Kadam: Actually, if you look at the industrial sector, railways is still a lot of tenders based. So, it depends on which quarter the tenders do come in., So you would see ups and downs within the railway sector quarter-over-quarter. However, what we have seen is very strong traction in the core industrial sectors, which is the metal, steel, cement, all the metal industries. Wind energy was a phenomenal growth.

Obviously, again, depending on how the demand for the wind equipment from the European market and the U.S. market comes in because 85% of the wind equipment produced in the country get exported out of the country. But for us, that is not -- it is only a deemed export for us, yes. And, when one looks at the industrial distribution, which is the industrial aftermarket, we have seen very strong double-digit growth there as well, clearly indicating that the core industrial sectors have performed very well in the industry as well.

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Moderator: Next question is from the line of Nitin Arora from Axis Mutual Fund.

Nitin Arora: Just on the export piece, what Harshit was asking, can you state some drivers of this export pickup? And I'll just set the context. Because when we look at last 1 year, given the pressure on the auto OEMs in Europe, you would have seen recently what happened with Volvo as well. When we look at the consolidation of vendors and the auto ancillaries there are really struggling, what we get a filler from the Indian Auto X. Is it something where you see Schaeffler India is getting very disproportionate business?

If you can just give us some ideation here because the growth has been sharp and your confidence also looks strong on the export. Barring one-line which ma'am said that you can't predict that this will continue or not? If you can just give a little bit more sense on that.

Harsha Kadam: Yes. So let me clarify first. Predominantly a large part of our export or most of it is towards the industrial sectors. And the portfolio is mainly bearings, okay? So, it is not so much on the automotive sector because automotive always have their own captive in the location where the OEMs produce.

So, this is mainly going towards the industrial sectors, industrial sectors operating in Europe, in U.S., in China and Southeast Asia, which are the 4 markets that we export to. Our largest, as Hardevi already answered, a large 45% of our export business goes towards Europe. And we are seeing traction, demand coming from the European market, where we have started to feed that market as well. We have also seen traction in the Southeast Asian market. So that's how we are seeing the growth. So it is not in the automotive space, but in the industrial space.

Hardevi Vazirani: And also, I mean, just one more point, Nitin, every year, Q3 usually sees a spike because in December, somewhere around twenty, the group closes billing and our intercompany exports are mainly towards the group companies. So Q3 is usually having a spike.

Nitin Arora: That's why my question was more that are do you see this consolidation of vendors in Europe? And my question was not towards auto industrial. My question was generic, is this consolidation happening, which is giving us that benefit, which can continue? I was asking more from that direction perspective.

Hardevi Vazirani: We don't have any such indications at least from our group companies.

Harsha Kadam: Yes...

Moderator: Next question is from the line of Varun Jain from Dolat Capital.

Varun Jain: So, a couple of questions. So firstly, if I look at your statutory reporting, the segmental EBIT margins you report, so in Q3 CY26 for mobility, it has gone from 13.1% to 12.2%. So, they have decreased by close to 100 bps. But in another segment, it has increased by 21.1% to 22.3%. So, this RM inflation is not hitting the mobility and other industrial business equally?

Hardevi Vazirani: So, in mobility segment, it is hit but lower than the B&IS. And the mobility sectors have been able to do the price recovery to a greater extent compared to the B&IS. That's why you see this.

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Moderator: As there is no response, we move to the next question. The next question is from the line of Lakshmi Narayan from Tunga Investments.

Lakshmi Narayan: I have two questions. Given the strong cost inflation across automotive OEs and in the industry in general, you mentioned there is a margin impact. And I just want to understand how long it will take to fully feed through the Schaeffler's margin, whether it takes a quarter or more. And in terms of when you actually handle these engagements with OEs, is it the price realizations are granted retrospectively or prospectively? And this is my first question regarding the pricing.

The second question is that if you look at the growth in the bearings division that has moderated, could you highlight which specific industrial subsegments or end markets are driving this drag? And the third question is related to aftermarket. Just want to understand what are the primary drivers behind the recent pressure in the aftermarket segment?

Is it channel destocking, softer demand or pricing dynamics? Because there has been a softness not one quarter, but a couple of quarters. So, these are my three questions in terms of pricing and specific things related to Bearings segment weakness and the aftermarket.

Hardevi Vazirani: Okay. So, your first question was on the cost inflation recovery and the timing difference that we have. So, it takes close to 4 to 6 months for the recovery. And mostly, it is retrospective effect and the negotiations continue for four to six months, I would say. And currently, we are still negotiating for whatever inflation erosion of margin you see, 80%, 85% will be recovered.

And I already replied that it is retrospective. When we talk about which sectors within B&IS have grown then if I talk about YTD over YTD last year, then we have B&IS grew by 8%, close to 8%. The quarterly growth is 10%, but YTD is 8%. And within that, two-wheeler, off-road, power transmission and raw materials are the high gainers.

Lakshmi Narayan: So just on that, in spite of material costs going up, the revenues have caught up only 8%, which means that maybe on a volume basis, looks like an erosion in a market share or you've chosen to get out of some segments. Is that a fair assessment on Bearings segment?

Hardevi Vazirani: No. I think in the last two quarters, Harsha had briefed about the calibration of the wind customers where there were some price increase demands. Only that sector we have calibrated, and we are focusing only where we create value. Otherwise, we'll let go the business there.

Lakshmi Narayan: Anything related to the needle roller bearings?

Hardevi Vazirani: No, no, not at all. In needle bearings, we have a growth of double digit, almost close to 20%.

Lakshmi Narayan: Yes. And last question on the aftermarket, please?

Hardevi Vazirani: On Vehicle Lifetime Solutions, we have seen double-digit increase if we look at the YTD performance. Quarter-on-quarter, there are timing differences, but we see that we will be able to maintain for full year the double-digit growth.

Moderator: Next question is from the line of Ashish from Leo Capital.

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Ashish: Congratulations on the good set of number. I had two questions. The first question would be, how is the overall global demand environment for various parts of the bearing business? Is demand likely to continue to be strong over the next few years? And which segments are seeing the maximum demand momentum? That would be my first question.

Hardevi Vazirani: As far as our business model is concerned, we supply to intercompany partners, and we get 90 to 120 days of visibility and not beyond that. So, I'll not be able to comment on the long-term growth here, honestly.

Harsha Kadam: Yes. We do not deal with the customers outside. We deal with our only sister plants outside of India. And we just book the orders, manufacture them and supply them as such. So, for us to track which market or which sector is doing well is it's not easy. It's challenging for us to do that.

Ashish: But based on the orders we have received for the next 90 to 120 days, which segment is driving this growth?

Harsha Kadam: No, it is not the segment for us. We look at only the product portfolio because the order comes on the product portfolio, not on the segment. So, if it's cylindrical roller bearings, we get an order for this size, for this size of cylindrical roller bearings. Now who's the end customer, what's the sector, what's the application? We have no visibility to that.

Ashish: Got it. My second question would be, how does the cost of production compare the Indian operation versus some of the global manufacturing in Europe and other parts of the world? Is India meaningfully cost competitive?

Harsha Kadam: My answer would be yes. Otherwise, why they source from here?

Hardevi Vazirani: I mean in the past, we have seen that at least 25% cost difference is there between the cost of production in Europe and the cost of production in India.

Ashish: Got it. So like this growth in export is likely to continue over the long term, if that's the case?

Hardevi Vazirani: I would not say growth if there is a strategic move by the group that they consider India to be the competitive market. And at the same time, they consider Vietnam, Indonesia, Mexico as well. So, it is not that they will put all the eggs in one basket.

Moderator: Next question is from the line of Karan from IIFL Capital Services Limited.

Karan: My first question will be regarding the Automotive Technology segment. It has been growing very fast, like almost 30% to 40% YoY growth. But now since the GST cut will be in the base starting October onwards, do we expect the segment to slow down? If yes, how much can we expect it to grow like 10% to 15%?

Harsha Kadam: Well, that's a question. I think the market will tell us what's the speed of growth because, yes, the GST 2.0 was a kind of a kick starter for the automotive segment. And there are news that, yes, it's going to kind of find its height and stabilize there. Now what percentage of that, that's difficult to guess. But looking at our customers, discussing with our customers, they are pretty

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that this is going to go well into 2027, at least for some quarters of 2027. That's the indication. But beyond that, we do not have so much visibility.

Karan: Understood. And second question will be like how much is the split between PV, CV tractors and two-wheelers? Like what is the sensitivity for us?

Harsha Kadam: I would say because PV obviously is a stronger play for us because on the engine component side as well as on the transmission side, power transmission and chassis side of portfolio. Commercial vehicles is something we have started to increase our presence as such. We still have some more offerings for the commercial vehicle sector, which we want to bring to the market. Also, what is happening is with the talks of the BS6 now moving towards BS7, likelihood 2029, the entire engine portfolio and the transmission portfolio would go through a revamp, correct? Because obviously, the emission norms would drive changes.

So, we are gearing up for that as well. So clearly, we are optimistic and bullish the way the industry, the passenger vehicle industry and the commercial vehicle sectors are doing, correct? So, I think our task is very well cut out there.

Karan: Understood, sir. And sir, lastly, regarding our localization effort, I believe we are close to 80% and very high in automotive and but slightly lesser in industrial segment. So it should reflect in falling purchase of traded goods as a percentage of revenue. Right now, we are around 20%, 25%. So do we expect this ratio, which is the purchase of traded goods to revenue to fall down in the coming years because of our localization drive?

Hardevi Vazirani: That is the intention because the traded goods, as anybody would know, is a low-margin business because of the high custom duties and freight, etc. So yes, that is the intention we had kept the target of reaching 80% of localization. We have moved that target now to 85%.

Harsha Kadam: Yes, also, I think if I may add, it's not 25%. We are already around about 19% below 20% of traded business in the quarter. So, which there was a marginal increase compared to the preceding quarter on the traded, but I think we are already there at 20% level.

Moderator: Next question is from the line of Rajeev from Centrilla Infotech.

Rajeev: Congrats on a good set of number, sir. I have two questions. The first one is regarding Schaeffler's kind of global acquisition of Vitesco. And as you guys know, there is Vitesco India is a separate unlisted subsidiary now. So, is there any plan of folding that into the listed company in India?

Because from my understanding, they do a lot of power electronics and that kind of stuff, which is a very future-oriented business. So as a shareholder here, it would benefit if it got folded into this company. That's my first question. The second question is related to the shareholding of the parent. There's been some news in the market about the parent reducing the stake from around 75% to 74% that they have currently to something lower through a share sale. Can you comment on that?

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Hardevi Vazirani: First and foremost, there is no such plan of merger of Vitesco India with Schaeffler India Limited on the cards as of now. Absolutely, there are no discussions on that. And so far as the shareholding, whatever you read in the SEBI disclosure that the promoter has planned to come down to 2/3, which means keeping significant control. That means close to 67% to 68%. So, it is only minor monetization of shares.

Harsha Kadam: I think, Rajeev, this is like any shareholder who wants to monetize it, right? So, the only thing is being the largest shareholder of the company, it is our responsibility to inform the stock exchange. It's a governance matter. We have fulfilled our responsibility, right?

Beyond that, there's nothing that is being discussed, not thought about, not talked about.

Hardevi Vazirani: They have just expressed this intent.

Harsha Kadam: And again, it is an intent. It is not an action that is implemented. And we, as a very highly governance-focused company, we want to keep everything transparent, so we have informed the stock exchange. That's about it. But coming back to your previous question, I'm sorry, what was the Vitesco one.

Let me clarify that, yes, as you said, these are two different companies, but that does not mean that Schaeffler India Limited is not offering the Vitesco portfolio to its business channels, and we are doing that already. So, what it means is that Vitesco could still be producing the part, but Schaeffler India Limited is selling the part. So, to look at it because in front of the customer, it is one company that is doing the offering, and that is Schaeffler India Limited, and we stay that course.

Rajeev: Can I ask why is Schaeffler India is selling the Vitesco portfolio, can you elaborate a little bit on why we are not folding that company into our company because that would make the most sense because otherwise, there is a possibility of two group companies competing with each other, if I'm correct. Am I reading that correctly? Or am I wrong?

Harsha Kadam: No, no. You're reading it wrong. Why? Because at the parent company level, it's already one company, correct? And in India, since Schaeffler India Limited is the only listed entity outside, we still must go through this process.

Now if you ask me when will it be done, will it be done? I have no answers for you today, okay? But rest assured, in terms of the market, in terms of the customer, in terms of the business, it is one company, and we offer the portfolio as such.

Harsha Kadam: There is no competition at all.

Hardevi Vazirani: There is no competition at all because products that Schaeffler India Limited produces are complementary, there is no competition. The products are different.

Moderator: Next question is from the line of Varun Jain from Dolat Capital.

Varun Jain: Yes. I think I got cut off previously. So, ma'am, I had a question on the segmental margins on the statutory reporting.

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Hardevi Vazirani: Yes. I answered it already, but I will repeat it. So yes, in the Mobility Solutions, the impact of input price increase is lower than B&IS. Plus, whatever increase has taken place within mobility, they have largely been able to recover already. That's why you see this difference.

Varun Jain: But ma'am, the mobility margins have fallen and the other segments, which is industrial has risen. So that would be contrary to what you're suggesting.

Hardevi Vazirani: So, there is a sales mix within the Mobility Solutions, which is playing its part as e-mobility currently, it is having its developmental costs, etc. which are going in the cost of production. So there is adverse sales mix.

Varun Jain: And when it's adverse, so what segments are higher weighted? Like what are the lower margin segments there?

Hardevi Vazirani: So, the conventional are always the better margin and the new products which are introduced are always expensive.

Varun Jain: Got it. And ma'am, my next question was on your export piece. So intercompany exports have been very strong. But my question is that is it because there is some plant shutdown in Europe or they have lowered the production from some plant and now India is being used as a sourcing base. Is that the reason?

Hardevi Vazirani: No, they have not shut down the plant. There was a plant, as group had announced that there was plant relocations to the multiple locations, Mexico, China, Vietnam, India, which has happened over a period of several years. So, whatever are the capacities available at each location, they get the order book. So, India gets its fair share based on the availability of the capacity after serving domestic market.

Varun Jain: But since this plant relocation, it's like a kind of a medium-term thing. So, then this export momentum of 25%, 30%, 35% growth should continue for the next couple of years at least?

Hardevi Vazirani: No, at least relocations are not happening in a big way in the recent past.

Varun Jain: Okay. And for CY '26, company had guided for INR 500 crores of capex. So, in that, I think for this year, you'll exceed that number. And can you tell us the breakup of capex versus in e-axle versus Shoolagiri Phase two versus Savli wind bearings and additional railway.

Hardevi Vazirani: We will be realizing these INR 500 crores surely, but the breakup cannot be shared.

Varun Jain: Sure. But any guidance on what the capex will be like in CY 27, CY28? Will it be higher than this?

Hardevi Vazirani: I'm averaging close to this number.

Varun Jain: Okay.

Hardevi Vazirani: It can be slightly up, but I cannot put an exact number to it because the budgets are still under preparation.

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Varun Jain: That is fine. But if you cannot give the breakup, can you tell us some commissioning milestones for Shoolagiri Phase two, Savli wind bearing expansion?

Hardevi Vazirani: So, Savli as well as Shoolagiri will continue to have the construction on new halls next year as well. I can only say that.

Moderator: Next question is from the line of Apurva Desai from Kotak Securities.

Apurva Desai: Congratulations on a good set of numbers. So, my question is just a simple follow-up on the stake sale numbers. So, I wanted to understand the rationale between selling that 7% to 8% share. So, is there a particular rationale behind it or something? Or is it just a normal stake sale that's going on?

Hardevi Vazirani: At this point of time, nothing is known other than what we have already intimated on the exchanges. So, we are not aware of the intent. It is just that we know that there is an intent of monetization. We don't have an exact number of shares or percentage.

Moderator: As that was the last question for today, I now hand the conference over to Ms. Gauri for closing comments.

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

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

(This document has been edited to improve readability)

Registered Office: 15th Floor, ASTP (Amar Sadanand Tech Park),
Baner, Pune – 411045, Maharashtra
Contact Details: Investorsupport.IN@schaeffler.com
Website: www.schaeffler.co.in
CIN: L29130PN1962PLC204515

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