SCHAEFFLER

Schaeffler India Limited · Pune · Maharashtra

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28/07/2026

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Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Transcripts of Analyst/Investor Meet held on Thursday, July 23, 2026.

Dear Sirs,

With reference to our letter dated July 23, 2026, please find enclosed the transcript of the Analyst/Investor meet held on Thursday, July 23, 2026, for your information and records.

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

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Ashish Tiwari,
General Counsel & Company Secretary

Encl.: As above

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Schaeffler India Limited

Q2 CY26 Earnings Conference Call

July 23, 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

Moderator: Ladies and gentlemen, good day, and welcome to the Schaeffler India Limited Q2CY26 Earnings Conference Call. As a reminder, all participant line will remain 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 this conference call, please signal the operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded.

I will now hand the conference over to Ms. Gauri Kanikar, Head of Investor Relations, for opening remarks. Thank you, and over to you.

Gauri Kanikar: Thank you. Good morning, and welcome, everyone, to Schaeffler India Limited's Earnings Conference Call for the second quarter and half year ended 30th June 2026. Today, we have with us from the management, our Managing Director and CEO, 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 on the results, and after which we will open the floor for questions. Thank you, and I now hand over to Mr. Kadam, please.

Harsha Kadam: Hi. Good morning. Good morning to all the investors. A warm welcome to this earnings call.

Hardevi Vazirani: Good morning, and warm welcome to our second quarter and six-month closing call.

Harsha Kadam: Okay. So let me start by taking you through the presentation. I hope you already have it open. I would like to move to Slide number 3. As always, I would love to start with the customers and the recognitions that we received from the customers.

Quarter 2 has been a very strong performance and recognitions coming from the customer side as well. So, as you can see on the slide, we have had many awards being given by the customers, starting with - on the industrial side from Voith Turbo. We also had from Sandvik Mining as well on the industrial side, recognizing us for focused development and cost reduction activities that we carried out.

We have had quite a few coming from the automotive space as well and our esteemed automotive customers award given from by John Deere, then Toyota Kirloskar as well and appreciation awards coming from Denso India as well. Not to mention the Escorts Kubota as a special category award that has been given for our long association as well.

Apart from this, the corporate social responsibility work that we carry out consistently with the sheer commitment, and we were awarded for our community development projects that we indulge in and some of the work that our team has done in developing the tribal areas has been recognized by the CSR Convention and an award was given to that effect as well.

What is also important and prestigious is to point out the zero PPM award for quality that we have received from one of the most stringent quality demanding customers, Toyota Kirloskar, and we received the award for a zero PPM, which clearly signifies and underlines the fact that our commitment towards quality, ensuring that all customers get zero defect product continues, and we stay the course with this.

I would like to now move on to slide number 4, and I would cover 3 parts in my agenda today, starting with the economy and the industry. I would like to throw light on the business performance, Q2 as well as the six months, then a little more on the financial performance for the same period, Q2 and six months.

Let me move to slide number 5. And what you see on the slide is the economic situation in the country. Drawing your attention to the bar chart, which shows the GDP. While the first quarter Q1 calendar year, that is Jan to March, registered a 7.8% GDP growth, the quarter 2 estimates are hovering around 6.5% to 7%. The official numbers are still to come in.

It appears there has been a marked slowdown, obviously, with all the geopolitical situations that are redefining the business rules even in India. I will come to that in my subsequent slides. Then talk about the index of industrial production - has managed to show a better performance over the preceding quarter, and it continues.

So, the manufacturing output is definitely there, is continuing. The capex demand as well has improved in the last two quarters. Automotive production, too, has continued to register a strong double-digit growth rate compared to the previous year.

However, Q2 being a financial year start for many of the auto OEMs, you would see it always starts off on a low key note and it tends to pick up. Marginal growth or even a small drop, you could see over the preceding quarter, but yet a strong performance when compared to year-on-year.

A point of concern that has started to emerge is on the inflation. The consumer price index, as you can see, has started to creep up. For the last six quarters, when you look at it, the first four quarters showed a very good trend, and then it has started to go up rapidly.

And currently, the Q2 estimates are showing 3.9%, obviously, with all the input costs going up in the manufacturing sector, plus the food prices going up, it's clearly reflecting in the commodity prices that are going up as well.

I move to slide number 6 on the core industrial sector performance. And what you see there is a very strong performance for the last six months, Jan to May, five months, I would say. And with cement production month after month, much, much better than the preceding month, as you can see, same period last year.

And surely, the infrastructure drive by the government of India is clearly pointing to the fact that the core sectors relevant to the infrastructure growth have been demonstrating a pretty strong growth. Cement, the same you would see in the steel sector as well and growing at 6% over the last year and talk about coal production. Now this is where you see a shift happening. Clearly in line with the carbon neutrality and the use of renewable energy directives. So, you would see the coal production come down over the last two months consistently, whereas the electricity generation still is on the positive side, which means clearly the shift is more towards the renewable energy sector.

So, this is on this backdrop on the industrial sector, the positive notes on which the economy and the industry is performing, I would like to now move to slide throwing some light on the automotive sector. Now what you see on the slide is the two and three-wheeler production numbers. And as I said earlier, the manufacturing industry and the manufacturing sector output is really doing well, and that is clearly evident in every -- each of the segments that you see here. The two and three-wheelers, as you can see, has also registered a very strong growth. Even compared to the preceding months has started to do well, except the passenger vehicles, where we did have a drop -- share drop of almost 8% drop that we are seeing in the month of June over the month of May. But however, compared to the last year, a very strong growth there again, which I already said about 15% - 15.7%.

Talking about the commercial vehicles, again, month of June has been pretty strong. And compared to the last year, obviously, it's a big jump. But over the preceding month of May as well, strong performance there from the commercial sector in terms of the production numbers that is there. Tractors, again, is demonstrating a good direction.

However, this is something that now we have to monitor closely due to the not so good performance of the monsoon is what we are hearing. But I guess the monsoon can always be delayed, and we'll have to wait and watch how this pans out and how this is going to impact our business, a lot rides for us on the tractor business as well.

So that said, let me now move on to the business highlights. I draw your attention to slide number 9, wherein I'm going to talk about the Q2 performance. As you can see, the revenue generation in the quarter was INR 2,681 crores, which is a clear 17.5% higher performance compared to last year. And over the preceding quarter, Q1'26 was a 7% higher performance.

This is in spite of the fact we have had challenges with the automotive sector production numbers, particularly in the passenger vehicles, where there was a drop in Q2 production numbers. Also, with all the geopolitical volatility that still exists and with the input costs that have gone up as well, we have been able to post reasonably very good performance, I must say, in a challenging quarter.

This has come in spite of the drop in the passenger vehicle production numbers, we have been able to still arrest any adverse impact from the passenger vehicle segment, one, because of all the new business wins, which I will come to in a while but also our sustained effort in trying to maximize the capacities in our plants through business increases with our existing customers and the new projects, which were also realizing to business as such.

We have seen a good growth in our Vehicle Lifetime Solutions. Obviously, this is because of some of the capacity advantages we were able to leverage there, and our exports business did pretty well as well. Industrial business, on the other hand, while it registered a single-digit growth has been still on a positive traction there.

Now that said, when we look at the earnings quality, we were able to deliver INR 513 crores at an EBITDA level in the quarter. And that is clearly a 19% better performance than last year and the preceding quarter as well, resulting in a profit after tax of INR 336 crores or INR 337 crores, which is about 12.6% profit after tax.

We also did register reasonably good free cash flow. Obviously, this has been a little lower. There are attributable reasons to it. Our input costs going up, our inventories have gone up, particularly. This is a strategic step that we have taken to shore up inventories in some of our business sectors. And hence, that has impacted the free cash flow.

Also to point out is some of the adverse situations that we faced with the LPG and the oil prices going up, our input costs have gone up, which is yet to be compensated by the customers, which we are still in discussions with them. Add to that, some freight cost increases, which have impacted the bottom line here and some of the IT costs that came in, in the quarter as such.

But overall, our capex also remains on track. We continue to invest appropriately as needed in line with our strategic growth direction. And inventories is something which is clearly we are watching. And whatever inventory levels we have built up is clearly a planned inventory levels in line with the situation, evolving geopolitical situation and the market demand in the country.

That said, I move to Slide number 10. And as usual, I always love to talk about the new business wins because this is what keeps us going and sustains our growth momentum. And every business vertical that we operate in has brought in quite a lot of new businesses.

On the automotive space, some of the new business wins, again, the demand for the double clutch in the tractor segment, more and more adoption of double clutches is being now used by the tractor segment, and we have been benefiting from it.

The other one is the business win for the overrunning alternator pulley, which is the compact which actually brings in the compactness in terms of the package that you deliver to the customer and the overall package of the entire system as well. So, we have been consistently working on that, and the business wins we secured here with some of our prestigious customers.

On the Vehicle Lifetime Solutions, we have started to increase our market coverage. One step that we took is after a gap of two years, we revived the use of the REPXPERT vans, which is going to travel across the country, covering close to 8,000 kilometers to be in very close contact with the mechanics and to upskill them in terms of training, in terms of fitting our solutions and also to educate them on the upgraded technologies that we are adding on to existing offerings in the marketplace. So, there are very focused campaigns and workshop engagements that are being done through the REPXPERT and our portfolio of expansion, particularly in the INA product portfolio is something we are focusing on, and we have started to bring more products from the INA range into the market for the aftermarket.

Bearings and Industrial Solutions has been a stellar performance in the quarter in terms of new business acquisitions. We have secured a lot of business opportunities and wins already in the quarter, particularly in the product portfolio of cylindrical roller bearings, DGBBs, spherical rollers as well, even TRBs for that matter and some of the tri-plain bearings for the raw material sector as well. A variety of applications, and I think one of the largest business acquisitions, highest value has happened in the industrial space in the second quarter.

I move to now slide number 12, which talks about the earnings quality and the financial performance. So, talking about the revenue from operations, as you can see, in the second quarter, INR 2,681 crores came into the system through the revenue route, which is a clear 7% better performance on growth and the preceding quarter of Q1 and a 17.5% compared to the same period last year.

Now that said, where did this come from? As you can see from the table below, the Automotive Technologies brought in 33% growth compared to year-on-year. Vehicle Lifetime Solutions at 9.9%. Bearings and Industrial, which grew by about 5% on an average over the year and our export business grew 24%.

Over the preceding quarter as well, while the Vehicle Lifetime Solutions and our exports grew double-digit, the other two - Automotive as well as Bearings and Industrial Solutions also grew, albeit single-digit at 3.6% and 6.5%, respectively. With this, the demography of our sales mix, 35% of our revenue comes from the Automotive Technologies. And here, the Automotive Technologies includes the e-mobility part of the business. The Bearings and Industrial Solutions brings in about 35% and the rest is split between Vehicle Lifetime Solutions, 12% and our exports, which is at about 17%.

All in all, a strong performance in the second quarter with all the challenges that we had fundamentally on the supply chain side and on the input cost side, we have been able to demonstrate a consistent strong performance.

With that, I move to slide number 13, which talks about the earnings quality. And what you see here is the EBITDA numbers, INR 513 crores coming into the system at 19.1% EBITDA, which is a clear 6.3% increase over the preceding quarter and a 14.3% better performance than year-on-year. Now to just look at the split, where did this come from - the gross margin improvement brought in about INR 147 crores. We did have some cost on the employee cost with the new Labor Codes coming in as well, the wage costs that have been implemented now and some of the other income expenses. So, net has been a strong performance at the EBITDA level, resulting into a better profit after tax at INR 337 crores as against INR 320 crores last year.

Overall, the earnings quality - earnings quality definitely could have been better. We did get impacted on the foreign exchange effect route as well, input cost route and both these have impacted to a certain extent, our bottom-line performance. But nevertheless, we still have done reasonably good compared to last year.

I move to slide number 14 and talk about the working capital. As you can see in the Q2, our working capital has gone up to INR 2,029 crores. Clearly, this is a planned activity that we have lined up as we are building up inventories in some of the specific sectors for some of our specific customer accounts. And this is the planned activity, and we have a clear plan of how to manage this going forward as well.

Capex, on the other hand, remains at more or less the same level. We continue to invest in expanding our manufacturing capacities and which we believe is clearly needed if we have to sustain this growth momentum in the country and continue to deliver a double-digit growth rate.

Free cash flow certainly is under focus, and we have work to do here as well. Clearly, this is one of the impact is coming because of the increased working capital and the reduction in the earnings, which we believe in the second half of the year, we are going to recover the lost ground going forward.

I'll move to slide number 15 and talk a little bit on the key performance indicators of snapshot. As you can see at a six-month level, our revenue growth is about 18% compared to the last year. And as you can see with an EBITDA margin of 19.1% in the quarter, resulting in a six-month EBITDA of 19.2% and an EBIT margin of 15.8%.

And the profit after tax too continues to remain at the same state of 12.6% - 12.7% at a six-month period as well. All in all, top line growth, yes, we have managed to increase that bottom line. We have held our ground very strongly in spite of the challenging situation in terms of input cost and some of the foreign exchange increases that we have incurred.

With that, I move to slide number 16, wherein I want to throw light on the KRSV Innovative Auto Solutions, a wholly owned subsidiary of Schaeffler India Limited. Now here again, the KRSV or Koovers, as we call it, registered a revenue growth of INR 79 crores in the quarter. And EBITDA still, we are in the negative here as the focus is on scaling up the operations.

While we have registered with a revenue growth of INR 79 crores, exactly delivering as per the committed plan that we have made. We still have some work to do on the bottom line on the EBITDA and the EBIT side. That is something we are addressing it as I'm speaking now. So overall, at a consolidated Schaeffler India Limited, both entities put together, the revenue generation has been INR 2,760 crores at an EBITDA of 18.5% and an EBIT of 15.2%.

I move to now the last slide, slide number 17. So overall, has been a pretty good quarter in terms of our business performance in spite of all the challenges that we are facing on the geopolitical side, on the supply chain side, on the input cost side. Year-on-year double-digit growth is something we have been delivering consistently, and we were able to sustain that coming out of the automotive Vehicle Lifetime Solutions and our export business.

Marginal impact, as I already said, input cost increases as well as freight cost increases and also the FX impact have impacted marginally our bottom line. But again, it's a decimal point drop, but then we have managed to hold that as well.

Working capital, yes, we are monitoring it. And this whatever I talked about on the working capital is something that we had planned, but we need this to keep servicing our customer needs. So that is something we will recover soon. And the capex framework stays on track, and that is always there.

And yes, more challenges are visible on the horizon. We closely monitor the situation, and we are trying to be more agile in trying to handle the situations in a more proactive manner. We committed to deliver value to all our stakeholders continues to remain. And well, I come to the end of my presentation. That's it. Thank you.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. We take the first question from the line of Harshit Patel from Equirus Securities.

Harshit Patel: Sir, my first question is on our industrial segment. It has recovered well after the dip in the last quarter, but still the growth is very soft at about 5% YoY. So, my question is, is the portfolio recalibration now complete? Roughly, how much revenue did you consciously let go? And when does BIS return to the double-digit growth?

Harsha Kadam: Thank you, Harshit. And let me talk about the strong performance in the sector. As you saw the core infrastructure sectors contributing to the infrastructure growth, they've all done well. And rightfully, we have grown ahead of the market growth there. Our raw material sector has performed pretty strongly there. One were to look at quarter-on-quarter or even year-on-year basis.

We have done well in our power transmission sectors as such. Yes, there has been impact from the wind energy, one from a timing perspective and a few from our contracting process, which is ongoing. So, we do have a small impact that has come in, which is something we expect we should recover going forward as well.

If you look at industrial, one of the areas where definitely we are increasing our focus is to look at the distribution side, the aftermarket business side as well. And clearly, that is something, we in the second quarter, we did pretty good in terms of recovering over the preceding quarter, and we are in the right direction to recover.

So, our aspiration is to make sure the industrial business too gets to a double-digit growth rate, yes. Of course, it has its own set of challenges in some of the sectors. And we will continue to keep the watch and see how do we get this to also up to a double-digit growth rate.

Harshit Patel: Understood. Sir, my second question is on the exports, where there has been an outperformance versus our own guidance. In the first half, we have grown about 28% YoY, which is well above your FY26 guidance of about 10% to 12% growth which itself you had raised from 5% to 10% that you had guided during the fourth quarter. So, what is sustaining this momentum? Is this more of intercompany allocation?

Is the China Plus One within the Schaeffler group are there new geographical mandate some gains would have come from the rupee depreciation? How much of the second half visibility do we have? And would you like to revise your overall CY26 export guidance further? And a small follow-up to this, has there been any change in the geography mix between Europe, U.S., Southeast Asia and China for us?

Hardevi Vazirani: Thank you for your question on exports. Yes, it is mainly because of intercompany allocations. So, what is happening is that in the process of localization many capacities are being built up here in India and mainly in Savli.

And the group is trying to leverage on the capacities which are available in India, which we are developing for local market, but there are always opportunities if there is capacity available to serve the intercompany locations worldwide. And fortunately, the demand from all the regions, Europe, Asia Pacific, China, it has been in the double-digit range, which is leading to the growth that we have reported.

Also, we have to consider that FX is also in our favor, specifically not so much for Europe because there we have rupee billing. But in other regions like Americas, Asia Pacific, Greater China, we have U.S. dollar billing. So we are, to some extent, also benefited from that. We will be careful in future guidance due to the ongoing geopolitical disruptions.

While all-round efforts will be done to sustain this level of momentum close to 15% - 20% growth, but you never know. We have faced this once in 2023. So, we are treading very carefully. But from our side, we want to maintain this. And the order book is solid for the year. So very likely, we will maintain it.

Harsha Kadam: Also, I think maybe a good point to add here is we never gave a guidance for the growth. We said our wish is to contain the exports up to about 20%. So, there could be in 1 quarter, a surge in orders.

Hardevi Vazirani: Share of business we want to maintain.

Harsha Kadam: It has nothing to do with the growth. It is to do with the - what is our cap we would like to put at 20% of max exports. It's good to have a good balance between domestic and exports. That's what we have...

Hardevi Vazirani: So, to also have the natural hedging against our imports, which is currently working really very well.

Harsha Kadam: Yes.

Moderator: We take the next question from the line of Raghunandhan N. L. from Nuvama.

Raghunandhan N. L.: Congratulations, sir, on the strong results and the zero PPM awards. Firstly, on the aftermarket side. Generally, for auto components, aftermarket is a stable business, and most peers grow at high single digits in this space. Schaeffler has done particularly well with more than 20% growth, minimum growth of 20% last 3 years.

But Q2, the growth has come down to 9.9% - 10%. So, considering that revenue has reached a large size, how do you see this particular segment performing? Would you say the growth will be stable going forward? Or because of your efforts in terms of increasing the product portfolio, can the growth reach to higher levels?

Harsha Kadam: Thank you, Raghunandhan, for that question. Yes, your observation is exactly our observation, too. We are well aware of the fact that we definitely can do much more. What we are seeing is some capacity constraints that we have, which is something that is currently being addressed as I speak. So, we are trying to bring in more capacity so that we can feed both the OEM requirements and the aftermarket requirements. So invariably in a high-growth situation, the OEMs end up getting the priority and the VLS kind of takes a second preference.

And that is something we do not want. We want to definitely prioritize, and we are addressing the capacity gap between that we have been meeting the entire VLS demand. That is something work in progress right now. And here again, just to add, it's not just about Schaeffler capacity. We have work cut out in terms of our own supply chain capacities as well. A lot of local suppliers are still under development, but I'm sure we will get them all to a closure so that we continue to ensure the entire supply chain is now aligned with the increased to demand situation, both on the OEM side and on the VLS side.

Raghunandhan N. L.: Noted, sir. On the cost side, trying to understand that many of the auto component and other suppliers have been facing pressures on commodity side and the pass-through happens with some lag. So just trying to understand how are you managing that situation? Also on the minimum wage hike, which you spoke about, are you seeing OEMs responding positively? Do you expect compensation to be given in the coming quarter? And again, continuing the point on the cost side, other expenses in the opening remarks, you referred to increase in the freight cost and IT cost increases. So, this elevated level of other expenses, does it have any one-off? Or should this level continue?

Hardevi Vazirani: So first, I will touch upon the other expenses that you mentioned. Other expenses have marginally increased. So, in Q2 of last year, we were at 15.1% of other expenses. Currently, we are at 15.4%. So, there is 0.3% increase. And this 0.3% increase is covering fuel price increases, which we all witnessed.

In Q1, it was only single month March, whereas Q2 is full quarter impact of the fuel prices, which is within the other expenses category. Second thing is Harsha talked about the capacity constraint at our Hosur plant, which is leading to impact on VLS business because we are prioritizing OEMs. This capacity constraint is leading to the air freight of incoming material as well as outgoing material.

While all around efforts are being made that volumes are absorbing these levels of unforeseen costs, it is very unlikely that the customer will reimburse, this customer would expect that we are doing some productivity measures, VA/VE, etcetera, to absorb such kind of cost. On wage increase, we have seen average of wage increase of 10%. Again, this is not subject to the recovery from the customer.

What is recovered from the customer is indexation of FX, which we are working on currently and very likely in second half of the year, we will see some traction on price corrections and other is on steel price indexation. Other than that, the customers usually expect that the company will implement productivity measures to absorb the increases.

Moderator: We take the next question from the line of Mukesh Saraf from Avendus Spark.

Mukesh Saraf: My first question is going back to the pricing part of it. We have seen our gross margins expand this quarter QoQ. Could you give some -- so what I want to understand is how does the pricing work across your different segments?

One is, say, intercompany on exports, how does that work with commodity costs and forex and say, with OEMs and with the aftermarket? I'm assuming aftermarket price hikes would be easier. So, if you could kind of just give how the pricing work across these end markets.

Harsha Kadam: So, Mukesh, thank you for the question. And let me start with the other way around that is with the automotive OEMs. As you know, the automotive industry works on an indexation mechanism. And not all commodities are put under that list. So, there was an earlier question on the Labor Wage Code increases. Surely, that is not on the list. So, to get compensated from the customers is not easy at all.

Yes, we are in dialogue with most of the OEMs. We have already been talking to them, particularly on the input cost increases due to LPG, propane that have gone up because of the situation there in West Asia. So that is something that is in discussion and these commodities are not in the list, indexation list. So definitely, the dialogue is going on.

We will see what we can achieve. And as Hardevi rightly said, in the second half of this year, we expect some positive traction to come there. We will stay the course there. So overall, on the automotive side, this is our case. Now regarding your question on pricing between the segments, I'm afraid that is something I cannot reveal.

Mukesh Saraf: So, I mean -- what I mean is how does the pass-through work across these segments? Like for exports with the parent, is there -- is there like every quarter kind of a reset with respect to how forex is moving and raw material costs are moving? Or is that annual? Just to get some sense on this quarter, your gross margins have gone up. So just trying to understand what are the different variables in these margins?

Hardevi Vazirani: So, when we talk about the intercompany exports, it is at arm's length pricing principles. Transfer prices are determined and that true-up is done at end of the year in December. So, this is the general methodology, and which is followed by every company, and it is as per the OECD guidelines.

Mukesh Saraf: Sure. So, understand that part of it. Okay. And just coming back to the industrial business. I think this is something that you have got many questions about, it's kind of remained -- when I look at the non-mobility side of it, the Bearings and Industrial segment within the non-mobility business, it remained at this INR 400 crores kind of a number now for last six to eight quarters.

So just is there some -- I mean could you give some sense if our market shares have however remained stable in this period and it's only an end market kind of issue. Sometimes it could be railway, sometimes it could be aftermarket. But market shares overall, have kind of remained stable in this segment?

And secondly, in your opening remarks, you had mentioned about some large order wins in terms of value in this Industrial segment. So, if you could give some more color on that, if that would kind of change the trajectory on this number?

Harsha Kadam: So, Mukesh, just to get a clarification, your question was towards the non-mobility sector, is it?

Mukesh Saraf: Yes, non-mobility

Harsha Kadam: Okay. So, as I already mentioned, one of the core industrial sectors, the raw material sector, which is the core metal industries and the continuous process industries that we cater to, whether it is steel, aluminium, cement, we have seen strong traction in the quarter, correct.

And obviously, just because of the growth in the infrastructure sector that's already happening. We have seen pretty good traction there. We've been doing well. We've been localizing a lot of parts to cater to this sector. So there, we are well on track, and it is working well.

Industrial automation as a sector, yes, we are doing good. Can we do better? Definitely. And that is something we are looking at what the new product portfolio that we have to add to get into this sector. The power transmission sector, we are pretty strong there. We have been very good there as well, good growth in the second quarter. We had almost close to 8% growth there as well.

So overall, when you look at the non-mobility sector and purely the OEM side, certainly we have done well. We are doing well there. Maybe the distribution side of the business is something we see more opportunities there, and that is clearly on our radar to exploit and move forward there more.

Hardevi Vazirani: Rather, I would just say that our industrial non-mobility side, we have grown double-digit.

Harsha Kadam: Yes, yes. If you look at it purely double-digit growth overall is in the non-mobility side. The automotive side of the bearing business is a little under pressure.

Mukesh Saraf: Right, right. So okay. I was just looking at the non-export also. So obviously, the industrial some non-mobility includes exports, which has grown really well. But I do get your point here. We look forward to some more improvement there.

Moderator: We take the next question from the line of Mahesh Bendre from LIC Mutual Fund.

Mahesh Bendre: Sir, my questions have been answered. Thank you so much.

Moderator: We take the next question from the line of Himanshu Singh from Baroda BNP Paribas.

Himanshu Singh: Sir, again so my questions were also on the industrial segment. Could you just help us understand which segments have performed or improved over the last quarter? And how do you see like the other segments which are underperforming to kind of ramp up and help us grow in the double digits?

Harsha Kadam: So, thanks Himanshu for the question. I already said that we had a strong traction in the second quarter over the first quarter. If you look at the numbers, we did have a strong growth in the core metal industrial sectors, and which is the crux of the industrial sector. And that is where we saw good growth. And we have also seen good growth in the power transmission sector.

And there are a few sectors where there has been a lag. This has nothing to do with us. It's more to do with the railways, for example, is more tender-based working. So there, we have not seen any much of a growth yet in the quarter over the preceding quarter.

Yes. Wind energy, I did already talk about it. Yes, we are going through some contract negotiations with some of our customers there. And these are global contracts that we get into. So, wind energy has seen a dip in terms of revenue in the second quarter for us. But however, that is a matter of time when that's going to be resolved as well.

Himanshu Singh: Okay. Thank you, sir. And just on the order wins, you mentioned that the Bearings and Industrial Solutions got the highest order wins. And also, I can see that in the automotive sector, which is currently not doing so well. So, when do you see this automotive also coming into the growth trajectory and like that will -- that should ideally help you grow in the double digits?

Harsha Kadam: Yes. Good question. Automotive has been one of the challenges, yes. And you are right in pointing out that we have not seen -- we have seen a very sluggish growth there for a couple of reasons. One is the Automotive Bearing business is more commoditized.

So, we carefully choose where we are very competitive and we are working towards the strength there and we are playing the game hence, from a top line growth perspective, you may see moderated numbers. However, the focus is also to secure the bottom line, which is super important for us. And so, it is a very prudent and a conscious effort that we make on the automotive side.

However, clearly, we are trying to adjust through cost competitiveness, how do we get more cost competitive? Can we localize the products more is something else that we are looking at. So, we are looking at primarily these two options. So, once we address them, yes, we will be able to get back strongly in the game in the Automotive Bearings business as well.

Moderator: We take the next question from the line of Varun Jain from Dolat Capital.

Varun Jain: So, my first question was on the KRSV - Koovers side. So broadly quarter-on-quarter, the revenue was INR79 crores, INR 80 crores, but the EBITDA margin worsened from 13.4% to 17.3%. So why was that? And when is breakeven on EBITDA and cash flow expected?

Hardevi Vazirani: Sorry, did you talk about Koovers as stand-alone, or you are talking about consolidated financials?

Varun Jain: I was talking about stand-alone Koovers.

Hardevi Vazirani: Okay. So Koovers, we have - there are two special things in Q2. We have introduced accounting policy of sales cutoffs. So, the numbers that you see on the top line are after adjusting the revenue recognition of INR 5.6 crores, which is impacting EBITDA as well as we have started making the provision for founders' bonus, which is to be paid next year in the month of May for 3 years, which is leading to this level of margin change. It is approximately INR 3 crores impact.

Varun Jain: Okay. And by when do you expect this to breakeven on EBITDA and cash flow level?

Hardevi Vazirani: 2029.

Varun Jain: 2029. Okay. Got it. Secondly, on the automotive business, we have seen very strong run rate in the first 2 quarters, 31%, 33.3%. So, what is driving this strong run rate? Is it because of e-Axle or what? And is it sustainable in the second half?

Hardevi Vazirani: So, on margin side, we have been maintaining these level of margins for several quarters, right? You're talking about the growth rate of...

Varun Jain: Yes, yes, Automotive Technologies revenue growth rate was very high. So, I was asking on that.

Hardevi Vazirani: Okay. So Automotive Technologies, overall growth rate for -- if we see year-on-year quarter is 33.3%. And within that, both the conventional business has grown by close to 20% and the remaining growth is coming from e-mobility. So yes, there is a timing difference for e-mobility, which is -- but also the conventional ICE engine business is also increasing close to 20%.

Harsha Kadam: Also, I think it is good to point out that if you look at the Q2 production numbers of passenger vehicles, it was down 8% over the preceding quarter, 8%. Whereas our business, we have not dropped 8%. We have actually improved our market share as well. We have grown our business there.

Hardevi Vazirani: We grew by 3.6% as against market dropping at minus 8%.

Harsha Kadam: Yes. So that's an important point to add.

Varun Jain: Okay. So, this is more driven by market share gains rather than underlying vehicle volumes or higher content per vehicle, mostly it's market share gains. Am I reading it right?

Hardevi Vazirani: Yes.

Harsha Kadam: Absolutely.

Varun Jain: Okay. And just last one from my side. So, I think capex for CY26 was pegged at INR 400 crores to INR 500 crores. And I think we have done INR 175 crores. So that would put close to INR 250 - INR 300 crores in the second half. So, will that be there? And also, can you tell us the breakup of capex between maintenance, automotive, industrial bearing localization and the Shoolagiri plant?

Hardevi Vazirani: So yes, in the remaining period, we are expecting that we will be consuming the remaining of INR 500 crores. And accordingly, the orders have been placed for the machinery for capacity and localization. The breakup is that close to INR 120 crores is in automotive – INR 170 crores is in automotive technologies and remaining in B&IS.

Varun Jain: How much is the annual maintenance capex?

Hardevi Vazirani: For sustaining? Sustaining it's very small, maybe 10% of capex.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to Ms. Gauri Kanikar for closing comments.

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. Thank you and wishing you a good day.

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

(This document has been edited to improve readability)

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