“Bonfiglioli Transmissions Limited
Q3 CY26 Earnings Conference Call”
November 13, 2026

E&OE: This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchanges on November 13, 2026, will prevail.

MANAGEMENT: **MS. SONIA BONFIGLIOLI – PROMOTER, NON-EXECUTIVE, AND NON-INDEPENDENT DIRECTOR – BONFIGLIOLI TRANSMISSIONS LIMITED**
MR. KENNADY V KAIPPALLY – MANAGING DIRECTOR – BONFIGLIOLI TRANSMISSIONS LIMITED
MR. GATHAM ANANDHAN BALAJI – WHOLE-TIME DIRECTOR AND CHIEF FINANCIAL OFFICER – BONFIGLIOLI TRANSMISSIONS LIMITED

MODERATOR: **MR. SUMIT KISHORE – AXIS CAPITAL**

Moderator: Ladies and gentlemen, good day, and welcome to the Bonfiglioli Transmissions Limited Q3 CY26 Earnings Conference Call, hosted by Axis Capital. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note, this conference is being recorded. This conference call may contain certain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. I now hand the conference over to Mr. Sumit Kishore from Axis Capital. Thank you, and over to you, sir.

Sumit Kishore: Thank you, Sagar. Good afternoon, ladies and gentlemen. On behalf of Axis Capital, I am pleased to welcome you all for the maiden quarterly analyst and investor conference call of Bonfiglioli Transmissions Limited post its listing.

For the Q3 CY26 earnings call, we have with us the management team of Bonfiglioli Transmissions, which is represented by Ms. Sonia Bonfiglioli, a Promoter, Non-Executive, and Non-Independent Director; Mr. Kennady V Kaippally, Managing Director; Mr. Gatham Balaji, Whole-Time Director and CFO.

We will begin with the opening remarks from management, followed by an interactive Q&A session. Thank you, and over to you, Ms. Sonia Bonfiglioli.

Sonia Bonfiglioli: Good afternoon, everyone, and a very warm welcome to the first-ever earnings call of Bonfiglioli Transmissions Limited as a listed company. On this call, I am joined by Mr. Kennady, Managing Director; and Mr. Balaji, Whole-Time Director and CFO; and SGA, our Investor Relations Advisor.

Our result and investor presentation have been uploaded on the stock exchange and on our website, and I hope you have had the chance to go through them. But I will take this moment, because it is the first opportunity, to have a brief presentation of what is Bonfiglioli Group.

Bonfiglioli Group has been founded in 1956 by my father, Clementino, in Bologna. Bologna is the industrial heartland of Italy, and he set out and built something that would stand the test of time, a company founded on the concept to create an excellence in engineering precision with a long vision.

Many of you we have met during the roadshow, but this has always been the spirit of Bonfiglioli. I have a catalog in German, English. My father did not speak English, but we always had a view to create an international group based on excellence on operation, excellence on products, with the view to invest a lot continuously on innovation.

In the beginning, we opened a lot of branches all over Europe, the first plant out of Italy in Spain. With this spirit, we started around the middle of the '90s to look around. I did personally the

check between China and India, and I recognized India the capacity in term of ethic value and technical competence to start the project in 1998.

Our India journey began in 1998, and this has evolved into a very strategic and important pillar of Bonfiglioli Group as global dimension. And over the years, we have become an integral part of India industrial ecosystem. We have invested a lot in infrastructure, developing local capacity, building a talent team, and that is the key point, we earned the trust of a lot of customers and partners in different sectors.

What has been for us the driver has been that we have, in that years, localized the same procedures, the same type of machineries, the same products and technologies that we had in Europe. We did not approach India with what was the production standard of India in that years, but we localized the technology and the procedures that were the top level that were applied in Europe, in Italy, in that period. And this has been one of the secrets, and it remain our spirit, to go on to invest in technology, product, and innovation.

We are here, and in this phase, this listing has been the celebration of this journey, but it has been even more the beginning of a new chapter. The milestones such as this are never achieved by one single person, by one team. I would like to take this opportunity to thank the colleagues in India, but even more the partners, the bankers, and everyone that has given a very strong contribution to this strategic and important step.

But I would like to take this opportunity to first of all thank you, our investors, because you have given really a very strong and positive answer to our IPO. Your confidence in Bonfiglioli means that you have trust on our story and even more on our dream and our project for future.

We are really delighted to welcome you as the new shareholder into the Bonfiglioli family, and I look forward to building this new chapter of BTL together. Thank you again, a very warm welcome in Bonfiglioli family, and I would like now to invite our Managing Director, Mr. Kennady V Kaippally, to take you through our business, our performance for the quarter, and our outlook. Thank you again.

Kennady V Kaippally: Thank you, Sonia, and good afternoon, everyone. I hope everyone had a wonderful Diwali, and wish you all a very happy, healthy, prosperous new year ahead. Speaking about our performance, Q3 CY26 is a special milestone for Bonfiglioli India. It is our first set of results as a listed company. Our listing is the next chapter of a journey that began in India 25 years ago, and our commitment to building this business for a long time remains unchanged.

Since this is our first conversation with many of you, I would like to spend some time explaining who we are, why we win, the opportunity in our market, and how we performed this quarter, and where we are headed. We are one of the largest gearbox and drive solution manufacturers in India.

To put our business in simple terms, wherever something needs to move, rotate, or transmit power, you will likely find a gearbox or drive solution. If you walk into a manufacturing or process plant, be it chemical, pharmaceutical, food, beverage, or automotive, you will find gearboxes driving the equipment. And roughly one in four would be Bonfiglioli gearboxes, because 25% is our share in that segment.

You will also find our products in construction equipment and wind turbines. While Bonfiglioli name may not be familiar to every consumer, our products are present behind many machines and infrastructure that people use every day. We are part of Bonfiglioli Group, one of the world's leading mechanical and electromechanical drive solution companies.

The group reported revenue of EUR1.17 billion in CY 2025 and has operations across 80 countries with 18 production sites, three of which are in India, and seven R&D centers, one of which is in India. Globally, it is number one player in wind turbine drive with a share of 21%, and one of the leaders in off-highway equipment. We are also market leader in off-highway segment.

Here in India, over the last 25 years, we have built leadership in every market we serve. We are number one in all the three verticals, about 25% market share in low and medium-duty gearboxes for industrial automation segment, about 32% in off-highway mobility drives, and more than 50% in wind drives among domestic manufacturers. Over the past two decades, we established a strong and resilient presence in India, serving over 1,000 OEM customers with a portfolio of more than 11,800 SKUs.

Our robust infrastructure comprises of three manufacturing facilities, two in Chennai and one in Pune, 13 sales offices, 54 dealer outlets managed by 44 dealers, and 26 service points spanning both direct and indirect channels. This extensive network, backed by a resilient supply chain, enables us to ensure strong customer reach and reliable service delivery. These capabilities are translated into consistent financial performance, as you see.

Between 2009 and 2025, we use calendar year by the way, we delivered a consistent double-digit growth of 14.5% without a single year of decline, even during COVID. Because our end markets are so diverse, we are able to, on the segments, have different demand rhythms, so we always have one or other sector driving the growth. Bonfiglioli India contributed around 15% of the group revenue and around 32% of group EBITDA in CY 2025.

In that way, Bonfiglioli India is a very important part of Bonfiglioli Group. Now, I point to four strengths that make our performance repeatable. First is our diversification. Nine months CY26, industrial automation contributed 42% of our revenue, off-highway mobility 29%, and wind 27%.

Mobility and wind serve a concentrated set of global and Indian OEMs, while industrial automation is spread across various customers and applications. Each sector is driven by their

own investment cycles, but they have different rhythms, so that gives us stability in terms of business opportunity.

Second strength is coming from our co-engineered and application-specific solution. The nature of our product development is co-engineered and application-specific. This allows us to deeply embed with the customer during design cycles. About half of our business is co-engineered, mainly in mobility and wind. Development and validation cycles run one, two, three years.

And by the time there is a strong integration with customer platforms, this leads to a long-tenured customer relationship. Seven out of top 10 OEMs have been with us for more than 10 years. We back this up- Exceptional full lifecycle supports, spanning pre-sales, engineering, and after-sales. Our third strength is our strong parentage. Our relationship with the Bonfiglioli Group is one of Bonfiglioli India's key competitive advantages.

The group is a technology leader across the segments in which we operate, supported by a comprehensive product portfolio and strong global customer relationships. The group has seven R&D centers, including its largest R&D center in India. They are continuously developing advanced mission-critical solutions. We have full access to these technologies.

The importance of this continuous product development is reflected in the fact that approximately 35% of our business in CY26 first half is coming from new products that we introduced in the last three years. In addition, we leverage group global presence and customer relationships, with exports contributing more than 30% of our total revenue for nine months CY26.

Further, several key functions, including IT, group procurement, corporate marketing, corporate finance, are centralized at the group level, providing us with significant economies of scale. The overall economic benefits of this association are reflected in our economic performance, particularly in terms of EBITDA margin, return on capital employed, and return on equity.

Fourth strength is coming from our state-of-the-art manufacturing infrastructure. Over the last 25 years, we have built a highly resilient infrastructure in India. Our Thirumudivakkam plant in Chennai, which caters to mobility and wind segment, is vertically integrated with in-house capabilities and machining, and heat treatment.

While our industrial automation facility in Mannur, which is in Chennai, and Talegaon, Pune, follow an assembly-led asset-light model with select critical machining operations carried out in-house. Together, these facilities enable us to achieve a fixed asset turnover ratio of 7.2 in 2025. Our manufacturing facilities are built on Industry 4.0 principles, with approximately 70% of materials sourced domestically.

We work with over 150 suppliers. Many of them have been associated with us for decades and growing along with us. Our continued focus on localization enhances cost competitiveness,

shortens lead times, and strengthens overall supply chain resilience. Underpinning all four is our one habit. We spot emerging application early and launch products for them.

Our access to group R&D center in India allows us to respond to opportunities with considerable agility. This is how we have been consistently growing faster than our markets. Now let me turn to opportunities ahead, because each of our end markets offers a long runway of growth. Our three verticals give us direct exposure to India's growth priorities, which is manufacturing, infrastructure, and renewable energy. Industrial automation, with 42% of revenue coming, is participating in manufacturing growth story.

Our off-highway mobility participates with 29.4% of contribution, participates in infrastructure story, and wind with 26.8% participate in India's renewable energy transition. Industrial automation is benefiting from industrial capex and factory automation. Under the National Manufacturing Mission, as you know, government aims to raise manufacturing share of GDP from 17% to 25% by 2035.

So there's a lot of focus on manufacturing by the government, and there is a lot of policy support. We serve more than 20 industries in this segment, with over 11,000 SKUs, and no single industry contributes more than 10% of verticals. Off-highway mobility benefits from public capex in infrastructure and urban development.

As you know, our Union Budget 2026-2027 allocated INR12.2 lakh crores towards infrastructure, which is up from INR2 lakh crores in financial year 2015. So, it's a steep increase in infrastructure allocation by current government. The investment is planned across roads, rails, logistics, and urban infrastructure.

Localization driven by import substitution and supportive policy alongside global OEMs positioning India as an export hub gives us a clear right to win. Wind, we supply yaw and pitch drives for turbines ranging from 2 megawatts to 5 megawatts for both Indian and global OEMs.

India has installed wind capacity of around 56 gigawatts as of financial year 2026. And we have a target of 100 gigawatts by 2030. If you look at last year, India installed the largest installation with 6 gigawatts. Large turbine capacities, new installations, and replacement demand should support consistent domestic growth.

Global opportunity beyond these markets were worth about $14.7 billion of industrial gearboxes, $ 4.6 billion of off-highway drives, and $1 billion of wind turbine drives in CY25. This is a large addressable pool for Bonfiglioli India. As global supply chain diversifies, India is increasingly a preferred manufacturing base.

Through Bonfiglioli Group's worldwide reach and customer relationships, we are well-placed to turn that shift into higher exports. Coming to this quarter's performance, Q3 CY26 was a strong quarter with outstanding financial performance across parameters, which Balaji will take you through. Growth was broad-based.

Each of the three verticals, industrial automation, off-highway mobility, and wind, recorded highest ever quarterly revenue, a sign of resilient demand environment across our end industries. Exports, which cut across all three verticals, supported strong growth.

Wind, for example, India installed around 6 gigawatts of wind capacity last year, while we produced drives of about 12 gigawatts. The balance goes as a deemed export, which means that some of the customers will make in India for exporting or direct export by us to various geographies.

BTL has built the manufacturing quality and supply chain capabilities required to serve global customers from India at a very competitive price, and that is our significant advantage. For CY26, we expect our revenue growth to be around 20%. Over CY26-28, we aim for a revenue CAGR of 15%, while maintaining an EBITDA margin in the vicinity of 18.5%, which we achieved in 2025.

Please see this as a goal for the period as a whole, not a quarterly or annual target. Our growth drivers are clear: market share gains from new products, rising demand, and direct exports in mobility and wind, our entry into heavy-duty gearboxes, which will contribute more meaningfully after CY28, and India's long-term growth in manufacturing, infrastructure, and renewables.

With the leadership across all three verticals, net cash balance sheet, and strong return ratios, we are confident of achieving our targets while maintaining healthy margins. To sum up, Bonfiglioli India brings together global technology with Indian cost and scale. We lead all three of our segments, and we have grown profitably through several investment cycles. Our listing marks the start of a new chapter, and we are committed to maintain a transparent and consistent engagement with our stakeholders, with a focus on long-term shareholder returns.

I would like to thank our customers, dealers, suppliers, employees, and Bonfiglioli Group for their continued support. With this, I hand over to Mr. Balaji, our Whole-Time Director and CFO.

Gatham Balaji: Thank you, Mr. Kennady, and good afternoon, everyone. I will now take you through the financial performance for the period. For Q3 CY2026, our revenue from operations grew 30.2% year-on-year to INR 6,602 million. The robust growth was driven by strong performance across both domestic and export market, which grew 23.8% and 46.2%, respectively.

Growth was broad-based in all the three verticals of Industry and Automation, off-highway mobility, and wind, record highest ever quarterly revenue, indicating strong momentum across industries. Industry and Automation Solutions delivered a healthy quarterly growth of 30.5%. Off-highway mobility industry grew by a solid rate of 54.9%, yoy and wind industry had a growth of 8%. Coming to EBITDA grew 38% to INR1,289 million, a margin of 19.5%, while net profit rose 38.2% to INR871 million, margin of 13.1%.

The growth in profitability was driven by improved efficiencies as well as positive impact of localization initiatives, the pricing and forex cost savings, VAVE initiatives, and inventory lag and activities.

For the nine months, revenue grew 22.8% to INR17,920 million, with an EBITDA margin of 19.7% and a PAT margin of 13.1%.

Coming to exports, which cut across three verticals, grew by 40.4%, stands as 30.6% of the overall revenue of nine months CY 2026. Our asset utilization stands at 6.05 times fixed assets turnover, annualized as 8.06x as of September 30, 2026. The company plans to do a capex of around INR 1,000 million in current year 2026 and INR1,500 million in current year 2027 towards building capacity to support future growth.

With this, we conclude our opening remarks and open the floor for question-and-answer. Thank you.

Moderator: Thank you very much. We will now begin with the question-and-answer session. Your first question comes from the line of Dhimant Shah with ITI Mutual Fund. Please go ahead.

Dhimant Shah: Hello.

Kennady V Kaippally: Yes, hi.

Dhimant Shah: Yes, hi. Mr. Kennady, good presentation, and you have summed it up very well. Two questions. Number one, in terms of the tailwind, it appears that the Bonfiglioli India group has a strong tailwind within possibly our group entities. Could you enumerate, in terms of size of opportunity and the tailwinds in terms of growth, which are the sectors which are likely to sort of sustain from a short- to medium-term going into the future? That's question number one.

Question number two, also if you could help us understand both on margins and as well as if you map some of the competition, like let's say Shanthi Gears or Elecon or Flender, I think these are the names that we -- is there any product category where we are more stronger, we are not present, so on and so forth? If you can just answer these two.

Kennady V Kaippally: Thank you for the question, Dhimant. We believe India is at the cusp of a remarkable growth phase, and that is what we believe, supported by strong macro fundamentals and continued policy focus. What makes Bonfiglioli particularly in a better situation is our portfolio perfectly mirrors India growth priorities, which is manufacturing, infrastructure, and renewables. We have leadership position across all these segments, so we will be able to take advantage of this.

We are not new here. We are in India for the past 25 years, built a strong ecosystem around that, and sustained market leadership. So we will be able to take advantage of this. Another opportunity for us is overseas export. Many of global OEMs are trying to diversify their supply chain.

Bonfiglioli, over the years, developed an infrastructure which can meet quality, reliability, or delivery requirements of overseas customers, so we can take advantage of that. Apart from this, we continually focus on applications which is more relevant. To give an example, things like biogas, which is catching up now, or wastewater processing, or recycling. All these areas are catching up in India, and we have products globally.

We introduce that to India quickly and with agility, which others cannot, and enter that market. That is how we generally grow faster than market. So together, the domestic market and new applications, with export opportunity, we see a good set of tailwinds for Bonfiglioli in coming years. Now, next question from competition.

You referred couple of names, but they are, when you say industrial automation, we operate in light and medium-duty gearbox segment, which is less than 15 KNm, which goes into 20 different sectors. While some other players you mentioned, they are into heavy duty, which is going into steel, cement, power, etcetera. We have different competition in different areas.

In industrial automation, we are competing mainly from European players like SEW, NORD, Premium, etcetera. In off-highway, we have different set of competition like Comer, Dana, PMP, etcetera. The competition is different, depending on applications and geographies. Wind, we have again different competition. So we see growth opportunities across all these segments.

Dhimant Shah: Any chances of our getting into the heavy-duty segment in the near future? Just in case, because possibly the ecosystem by and large remains same, except the addressability of the underlying industry. So any chances of us wanting to address the heavy duty, given our long presence in India anyway?

Kennady V Kaippally: Absolutely. However, we see heavy duty is a segment which is driven by its own demand cycles, or investment cycles are largely variable. If you are fully focused on heavy duty, so you have your own vulnerability side. However, like you said, heavy duty is a segment we want to expand into. What we stated in our prospectus also is that we are getting into heavy duty. Next year, first up, we will start building a plant in Pune, which will include footprint for heavy duty as well. So, to our mind, heavy duty will start contributing post CY 2028, meaningfully to our business.

Dhimant Shah: Thank you so much, sir, for answering both these. I will come back in the queue. Thank you so much.

Moderator: Thank you. Your next question comes from the line of Raj Shah with Enam Asset Management Company. Please go ahead.

Raj Shah: Yes. Thank you very much for the opportunity and wonderful opening remarks, very insightful. So sir, my first question was regarding the revenue growth. If you can be a little granular and talk about the stupendous growth in off-highway segment, say around by 55%, and in the Industry & Automation, 31%. Where exactly are we seeing this kind of growth at the customer

end? Also, if you can quantify what proportion of growth is coming from the sales to group entities and what proportion from sale to end customer?

Kennady V Kaippally: Sales grew by around 30.2% in last quarter to INR650 crores. I&A grew by 30.5%, mobility by 54.9%, and wind 8%. As you rightly said, industrial automation and mobility had a pretty good growth. Mobility growth is coming from some other program wins we had last year, which started delivering this year. So that is why you are seeing a big spike. Industrial automation is benefiting from a broad recovery in manufacturing in India, because we are market leaders there.

We are able to take advantage of that. Some other segments like material handling and mining, food and beverage segments are showing growth. We serve 22 industries in industrial automation, which gives us several places to grow. Okay? Factory automation, material handling, biogas, wastewater are among opportunities ahead, as we see.

In off-highway mobility, I am coming back to that, it is again due to some of the important programs that we have, and we think those are relationships which will stay for a long time. If you look at, we have long-tenured relationships. Seven out of top 10 customers are with us for decades. This relationship, I think, will stay with us for many years to come. Now, coming back to domestic versus exports. Exports grew by 40%, approximately, and domestic grew by approximately 22%.

Raj Shah: I understand, sir. If you can throw some light on the group entities. Is it that we export only to group entities, or we do it to the customer as well?

Kennady V Kaippally: We do both. Exports to group entities around 21%, and 30.6% is the total exports.

Raj Shah: Okay. Got it. Secondly, sir, as per your opening remarks, you mentioned that for the calendar year 2026, you expect a revenue growth of around 20%. However, in the nine-month period, we have already reported 23% growth. That suggests around 12%-13% growth in this quarter, where we are, the Q4 CY26. Do you see any kind of, say, upfronting of demand or slowness that you are seeing currently, which is the reason why you are guiding just 20% growth?

Kennady V Kaippally: Yes, I will start from past many years. If you look at last three years, our growth was less than 10%. If you look at long-term average, 2009 to 2025, we had a growth of around 14.5%. So our long-term average was around 15%. Now, coming back to current year, the first nine months, if you look at, we have around 22.8% growth. 20% remains for full-year numbers. Customer schedules can vary between quarters, so we should not use the record quarter as a reference for the quarter ahead. Okay? That is how we see. Second factor is, 2025 last quarter was the strongest in that year. So, there is a larger base as well.

Raj Shah: Got it. Understood. Sir, coming to the profitability part, as you mentioned that in past few years, our EBITDA margin was in the range of 14%-16%. However, in last year, we reported 18.5%, and in this nine months, we are almost touching 20%, 19.7%. So, the question was, is this

structural now, and what led to this upsurge of, say, 300-400 basis points increase in margins? If you can throw some light here.

Kennady V Kaippally: Yes. The right question, I would say. If you look at our margin trajectory, moved from 15.5% in 2023 to 18.4% in 2025. This was a consistent growth every year, 2023, 2024, 2025. These were really structural. There are many factors behind that, localization, productivity improvement, scale efficiency, all design product mix, all this contributed to the growth that we are seeing now.

Coming to this year, it is further improved to 19.7% that we have seen. There are several factors to this. One, we have seen commodity price increase in the market, and we went and took some sales actions, phased price actions. While price increase is visible in the book, cost is not as fully passed through because of inventory and supplier negotiation is still going on. So we expect it to temper down slightly in coming quarters.

The forex is another important advantage that we had in this year compared to previous year. I think some of these benefits may not repeat in coming quarters. That is why we given 18.5% as a guidance for next two years. When I say 18.5% to next two years, it is not a guidance for next quarter or next year. It is a general trend that we have kept.

Raj Shah: Got it. That's very helpful. Sir, last question was on the wind sector. As per the prospectus, the largest customer that we have in U.S.A., if we see their history in the recent quarters, they have been going through a rough patch. If I go through their recent commentary, they have mentioned that they have upgraded their guidance and seeing a very positive picture on ground, where earlier they were guiding for, say, double-digit de-growth, now they're guiding for single-digit de-growth. Basically, they are seeing a few positive changes on ground. I just wanted to know your view, how you are seeing this segment growth, because this is the only segment that is growing on a single digit for us. Kindly answer, sir.

Kennady V Kaippally: That's again a very good observation. GE was our biggest customer in 2025, and we had a degrowth of 30% compared to 2025, 2026 up to nine months. However, other customers grew by 22%. That is why if you see net, we still had a growth. That shows our diversification and our ability to respond to market when the top customer in our segment do not grow. But as you said, things are looking positive.

For CY27, first quarter and second quarter, they came back with the positive numbers. Third quarter and fourth quarter, they are yet to come back. They promised to come back in a month's time. If the numbers is what they quoted in first half, then we will think they will have a follow-up. Apart from this, we had some program wins for wind in other part of the world. If GE recovery is complete for the full year, then we expect wind to drive our business next year, like mobility drove our business this year.

Raj Shah: Okay. Thank you very much, sir, and all the very best.

Kennady V Kaippally: Thank you.

Moderator: Thank you. The next question comes from the line of Mohit Kumar with ICICI Securities. Please go ahead.

Mohit Kumar: Yes. Good afternoon, sir, and thanks for the opportunity. My first question is on margin guidance for CY26. If I heard you correctly, I think you mentioned 20%. Is that number right?

Kennady V Kaippally: 20% is right, yes.

Mohit Kumar: Understood, sir. My question is, given that, of course, this was, I believe, the worst of the year, right? In terms of forex

Kennady V Kaippally: I am sorry. CY26 margin, we talk about growth. Growth is 20%. We have not given a margin guidance for 2026. We've given a margin guidance for next two years, which is 18.5%.

Mohit Kumar: Understood, sir. But given the fact that we have done 19.7% in nine months, this was the worst of the years in terms of commodity inflation and forex, are you being conservative margin guidance, especially as you go forward, especially in the near term?

Kennady V Kaippally: Well, it may appear so, but there are factors which we consider when we give a margin guidance. One is this year, our export is around 30.6%, and it grew by last quarter around 40%. So, forex benefit is a significant portion of our margin upside, right? That will not repeat in next year.

Second, we taken some price action, while commodity prices are still not fully reflected in the material cost. So, that will pass through in coming quarters. So, considering all this, we think 18.5% is a fair view. Again, like I mentioned earlier, it is not like quarterly targets or next year targets.

It is our ambition for next two years to stay at 18.5%, which we achieved over the last two years, from 15.5% to 18.5%. But at the same time, we will continue to focus on productivity, cost efficiency, etcetera, as we are always.

Mohit Kumar: Understood, sir. My second question, sir, what would be underlying growth assumptions segment-wise baked into 15% growth of medium-term guidance?

Kennady V Kaippally: In this call, we are not giving a separate guidance for each segment, but I was trying to tell you about the growth drivers in each of the segment that we operate. For wind, we are seeing a good traction in domestic market, especially because if you look at, I mean, last year we had 6 gigawatts of installation, and there is a general guidance that this year will be around 8 gigawatts. And that is quite a good installation to happen in this year.

And next year also, people are expecting between 8 gigawatts to 10 gigawatts. We also had some program wins globally, and that helped us compensate some of the de-growth we had in GE,

which will continue next year. Further, GE also is recovering at least first half of next year. We expect it will continue. So, this together expected to drive wind growth next year.

Now, coming to industrial automation, which is 42% of business, is benefiting from industrial revival. You can see all these IIP numbers are showing a pretty good action in manufacturing space, and we are able to participate in that. Off highway, we had certain program wins, as I mentioned, which drove the growth this year, which will continue next year.

But the growth rate will not be same. It will be from higher base, but the growth will continue. So overall, we see we have growth drivers across all the segments. We have not given a separate guidance for each sectors. Probably, we will see how we can give in coming earnings calls.

Mohit Kumar: Understood, sir. Thank you, and all the best, sir. Thank you.

Kennady V Kaippally: Thank you.

Moderator: Thank you. The next question comes from the line of Ridhi Agarwal with Hem Securities. Please go ahead.

Ridhi Agarwal: Thank you for the opportunity, and congratulations for the good numbers. I have some of the questions regarding the capex. First thing that, can you share the details of the INR100 crores yearly capex, sir? How it will be deployed and what would be the sources? Are you planning to take any debt or internal accruals only?

Gatham Balaji: Every year, we invest in the capex based on our capacity utilization, and based on the capacity needs, we keep investing 3%-4% every year. For the current year, we invest about INR100 crores, as you rightly told. Out of that, about, I can say, INR. 70 crores-INR. 80 crores we invested up to September. As we see the strong growth in sales numbers needing capacity debottle necking need to be there. There we are investing in 2026.

Coming to 2027, we plan to invest about INR.150 crores. Again, this INR .150 crores is for our regular investments, and also we start investing for our new investment in heavy duty, which will be happening in the second quarter of 2027. That we will be doing.

Entire investments is done based on after careful evaluation of asset capacity utilization and all the parameters, and based on the needs, we invest. Entire funding will come with the internal accrual as we are positive cash company. We do not see any need for any borrowing, and the entire capex requirements will be funded with our internal accruals.

Ridhi Agarwal: Okay. Thank you so much. Also, sir, I have a bit of a question regarding the Cheyyar . In October 2024, the company announced 25-acre heavy-duty gearbox plant in Cheyyar, Tamil Nadu, which was supposed to start in 2025. But the offer documents and current presentation now say that the heavy-duty capacity will be in Talegaon, Pune. Is it a change in the location, and now what is the current status about this Cheyyar land?

Kennady V Kaippally: Yes. See, I think that was a misquoted news, if I can say so. We bought 25 acres of land in Pune. First 10 acres and another 15 acres we added adjacent to that. So, totally we are 25 acres of land. In that, 7 acres is built, and we have land available there. That is for industrial automation, light and medium duties, which is being manufactured there.

So, heavy-duty gearbox will be adjacent to that because it makes sense for us to make near that, because that will bring kind of the operational synergy for us. As we mentioned, we will start manufacturing in first half of 2027, with intent to complete in one year time.

Ridhi Agarwal: Okay. My last question would be about the royalty which we give to the parent company, 6% of net sales under a one year, and it is on an auto-renewing license. Post-listing, is there any plan to change the royalty rate or license terms? Would it be a ratio of revenue, like revenue increasing, then what would be the proportion of royalty going out?

Gatham Balaji: We have a fixed rate of 6% royalty on specified products, and effective royalty works out to 4.4%, 4.5% of our sales, more or less. In the last many years, we keep this ratio unchanged, I can say that. We do not expect this ratio to get changed in the coming periods unless any big change in royalty agreement, because the royalty agreement needs to go through the renewal process and approval of Board of Directors, and there are no plans to change this royalty percentage. This royalty, what we pay is okay. We do not foresee any change in the royalty what we are going to pay now.

Ridhi Agarwal: Okay. Thank you for the answers. One last short question. The Mannur plant that was on lease, it expired on 31st July 2026. Has it been renewed, and for how long? Do you have any plan to buy the land?

Gatham Balaji: No, no. We have this as a facility in Pune, and as we are going to build our heavy-duty plant, and once that construction is complete, we will be moving this Mannur operations to Pune, Talegaon, sometime in the 2028, second half of 2028, most probably. At the time, we will shift the Mannur plant to Pune.

We renewed the Mannur rental agreement for three years with notice period of six months, which means we can give a notice period of six months and vacate the premises. So, when the plant construction in Pune is happening, we know in six months in advance our readiness, and we give the notice to landlord and vacate the plant.

Ridhi Agarwal: Okay. All the machinery of heavy duty would be shifted to Talegaon, because right now in Talegaon, it is only about painting and automation. All the heavy-duty machinery will be shifted to Talegaon, so we do not need to have to buy any or do any big investment in Talegaon, except the INR100 crores capex plant, right?

Kennady V Kaippally: Yes, you are right. Because we think having two factory in different part of India is not making sense, so we are trying to bring it together. That will bring operational synergy and cost advantage for us.

Ridhi Agarwal: Okay, sure. Thank you for answering my questions. I would just join the queue for follow-up questions. Thank you.

Moderator: Thank you. The next question comes from the line of Dhavan Shah with AlfAccurate Advisors. Please go ahead.

Dhavan Shah: Yes, thanks for the opportunity, sir. My question is on the off-highway mobility. I think you mentioned that there was some, we won some program last year, which led to a significant growth for this fiscal.

If you can share some thoughts on that program, what is the opportunity size? How much incremental revenue we did during the first nine months from that program? Is it like a recurring in nature with some the scale-up maybe on year-on-year basis? That is my first question.

Second is on the wind also you mentioned that we won some big program there also, which can lead higher growth next year. What is the opportunity size over there and how much incremental growth are we expecting this from the wind side, from that particular customer?

Kennady V Kaippally: See, I will not be able to give you exact opportunity size wins at this moment because I don't have that. I didn't prepare that now. You're right, there are a couple of program wins we had with the different customers in mobility which helped us grow in this year, which started last year, but this year it started maturing.

These products are for a long time, for entire life cycle of that product generally, because these are co-engineered platform, right? Customer, it takes one to two years to develop a product. Customer, if they are to shift, it's not just getting an alternate source, they have to go through the entire process again. Unless we screw up on quality or delivery, they are not going to change, and we generally don't do. That way we see these are projects for a long time.

They will continue to deliver significant business opportunities for us in coming years. One more thing is, one of these customers, for example, John Deere, we started working with this last year. Because Bonfiglioli has a broad product portfolio that allows us to work with the customer on multiple platforms. It started one platform, then extend our product portfolio across their product platforms. That gives us the opportunity to increase the wallet share with this customer.

We see these engagements as strategic and pretty good addition for coming years revenue visibility. Now, wind, as I mentioned, the rest of business grew by 22%, while GE went down by 30%. That also includes some of the program wins in Europe. That will continue to play out in coming years as well. All this aspect to have significant tailwinds for us in terms of revenue in coming quarters and months.

Dhavan Shah: Understood. But let's say, in the first nine months of this fiscal, let's say out of this INR530-odd crores of revenue in off-highway mobility versus the INR370-odd crores last year, how much

could it be from that particular customer which we won last year? This incremental revenue would be how much?

Kennady V Kaippally: I would say that of the total business nine months, 5% is coming from new programs.

Dhavan Shah: Understood.

Kennady V Kaippally: Around 14% is from existing business, and around 3.5% is coming from price and products.

Dhavan Shah: Got it. For the exports, if you can share some thoughts on that. Which geographies are driving this kind of growth, and is it sustainable in nature, or is there any one-off in these first nine months? Also, in terms of the overall opportunity size, I think, because let's say this entire three segments put together, the global industry growth is not that much significant, but our growth is very huge for this fiscal. So, on a long-term basis, like let's say for next two to three years, are we still hopeful to do roughly 20% kind of the top-line growth on year-by-year basis?

Kennady V Kaippally: Our guidance for the next two years is 15% CAGR. That is stated in our presentation yesterday. Coming back to your question on all this opportunity, we are pretty excited about this opportunity. We think those opportunities will continue to play out for a couple of reasons. One, Bonfiglioli Group has presence in 80 different countries directly or indirectly, and we have access to these global markets through our group entities in different parts of the world.

Second is that there is a supply chain diversification happening across the world, especially away from China, and India has a big role to play, especially in manufacturing space. For Bonfiglioli, it is even more positive because we have presence across all these countries, and our group has relationships with the major OEMs . As you noticed, global market is not growing that great, while we are growing because we are gaining some new customers and growing with them.

Dhavan Shah: Understood. But geography-wise, if you can share thoughts on this export growth. Which geography led this kind of growth? Is it like North America, Europe, or anything?

Kennady V Kaippally: We export to 18 different countries. U.S. used to be our number one geography, which used to be 58% of our total exports. But they come down to 48% in this year's nine months, while other geographies have gone up, especially Germany, U.K., Spain. These are the countries which have gone up. U.S. continue to be an important market for us because it's almost 48% of exports are going to.

Dhavan Shah: Understood, sir. Thank you. That is all from my side.

Kennady V Kaippally: Thank you.

Moderator: Thank you. Ladies and gentlemen, we will take that as the last question for today. I now hand the conference back to the management for closing comments.

Kennady V Kaippally: All right. Thank you, everyone. This is a new chapter for us. All these years, we have focused on profitable growth, gaining returns, giving returns to our investors, and we will continue to focus on having a profitable growth with significant returns for our investors with a long-term focus on business.

Thank you for listening to us, and thank you for trusting us and joining as an investor. Anytime, you can reach out to us and ask questions. The SGA or our Investor Relationship Agency, through them, you can reach out to us for any kind of questions or organizing visits or discussion. Thank you.

Moderator: Thank you. On behalf of Axis Capital, that concludes this conference. Thank you, everyone, for joining us, and you may now disconnect your lines.