Management Discussion and Analysis

At Schaeffler India, we aim to provide our customers with products and technologies that make motion smarter, cleaner and safer.

Our motto sums it up well: 'We pioneer motion'. We have been driving forward groundbreaking inventions and developments in the field of motion technology for over 60 years in India. With innovative technologies, products and services for electric mobility, CO_2-efficient drives, chassis solutions and renewable energies, the Company is a reliable partner for making motion more efficient, intelligent and sustainable – over the entire product life cycle.

We describe our comprehensive range of products and services in the mobility ecosystem by means of eight product families: from bearing solutions and all types of linear guidance systems through to repair and monitoring services. Our products are grouped into eight product families - Guide Motion, Transmit Motion, Control Motion, Generate Motion, Power Motion, Drive Motion, Energise Motion and Sustain Motion - according to their specific relation to motion. Schaeffler India draws its parentage from the Schaeffler Group which has around 115,000 employees in more than 200 locations across 55 countries, one of the world's largest family-owned companies and one of Germany's most innovative companies.

Management Discussion and Analysis

1. Economic overview

1.1 Global economy

Despite overcoming a recessionary threat and looming geopolitical uncertainties, trade disruptions and inflationary pressures, growth for 2024 remained subdued, with world GDP growth in 2024 expected to be 3.2%. This growth was divergent and supported mainly by resilient performance by the US economy. Concerted efforts by central banks of developed economies, led by the US, have even resulted in rate cuts as inflation moderates. However, they continue to remain cautious.

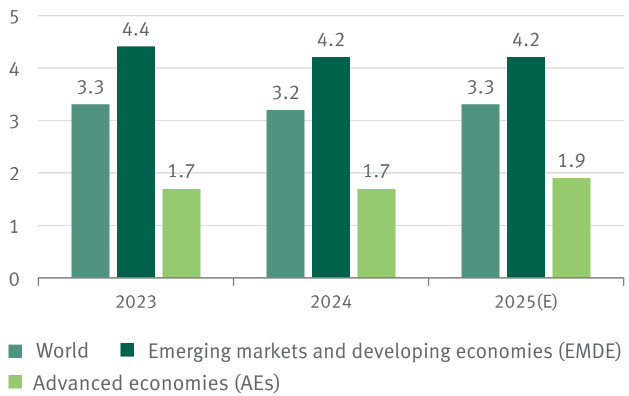
The Global Consumer Confidence Index for December 2024 stood at 47.9, down 0.9 points from the previous month. India, with a score of 66.5 sits at the top of the index - signifying a steady growth momentum and creating optimism around the India growth story. Although this is 4 points lower than the previous year.

With key events like elections in major democracies, political and economic uncertainties in some regions, the global economy proved its resilience during the year; however significant challenges remain. Key risks pertain to intensification of geopolitical tensions, inflation turning out more persistent than anticipated and a sharp repricing of risk in financial markets. Ongoing efforts towards green energy transition and digitalization are set to create new avenues for economic development and innovation. Coordinated international efforts will be crucial to navigate these complex dynamics and foster sustainable economic growth.

Outlook

While downside risks persist, global growth is expected to stabilise. However, geopolitical volatility in the Middle East, some parts of central Asia and Europe continue to impact the global economy. The IMF expects global economy to grow by 3.3% in 2025 and 2026, still below the historical average of 3.7% from 2000-2019. The IMF projects global headline inflation to touch 4.2% by the end of 2025 and 3.5% in 2026, slightly below the two-decade average of the pre-pandemic period.

Global GDP forecast (%)



(E): Estimate, Source: World Economic Outlook, January 2025

1.2 Indian economy: Steady progress, balanced outlook

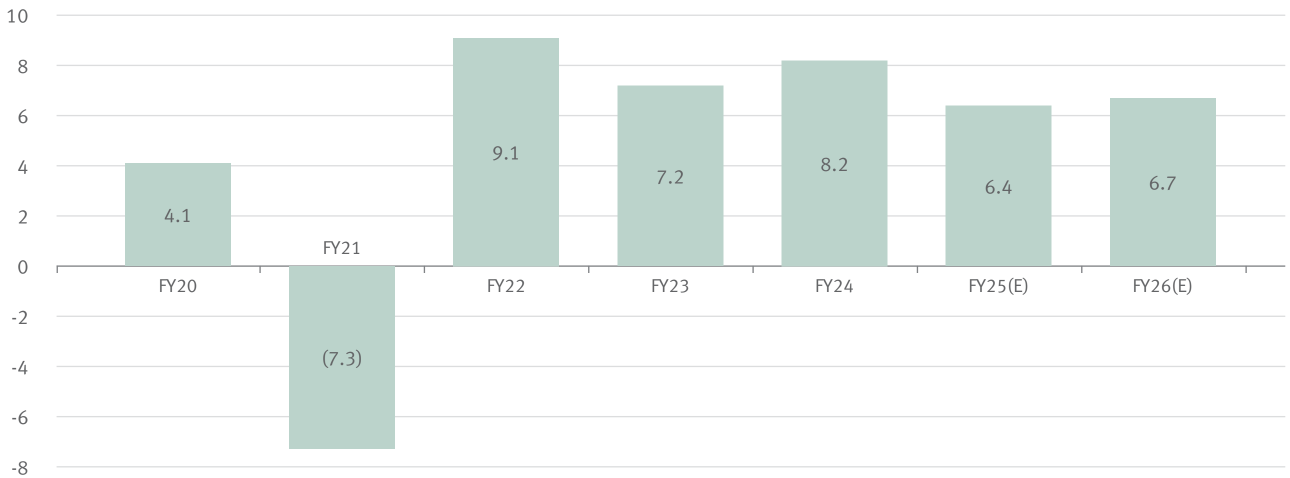
Indian economic growth, though moderating, continues to demonstrate a growth trajectory despite global headwinds and sluggish recovery in some advanced economies. The country has retained its position as the fifth-largest economy in the world and continues to be amongst the biggest contributors to global growth. As per the first advanced estimates released by NSO (National Statistical Office) the Indian economy is expected to grow by 6.4% for FY25, over the high base of the previous year.

Although major central banks around the world have resorted to monetary easing, the RBI has maintained a neutral monetary stance. The repo rate is now at 6.25%, a first rate cut after a gap of 5 years; since the last reduction was in May 2020. It has helped to balance inflationary pressures while not impacting the growth too much. For December 2024, inflation touched a four-month low of 5.2%. RBI expects inflation to remain at 4.5% for FY26.

Throughout 2024, India's manufacturing PMI remained above 50, signalling an expansion in output. However, on a comparative basis, it stood at a 12-month low of 56.4 in December 2024, indicating softer demand in the sector despite easing cost pressures and strong job growth.

To sum up, the Indian economy is progressing steadily. Key indicators of macroeconomic health also appear positive. As India seeks to enhance its economic growth rate in the forthcoming years, it benefits from robust balance sheets in both domestic corporate and financial sectors. However, with the current decline in globalisation, boosting the growth average over the next twenty years will necessitate leveraging the demographic dividend via deregulation initiatives.

India's GDP trend (%)



(E): Estimate, Source: RBI Estimates

Indian economy outlook

The Reserve Bank of India (RBI) has pegged the annual growth rate of the Indian economy at 6.4% for FY25. An uptick in agricultural and industrial output along with resilient rural demand is expected to support the country's growth trajectory. Headwinds in the form of elevated geopolitical and trade uncertainties are expected to be offset by sustained private investments, rebound in rural demand and improvement in consumer confidence.

2. Industry overview

2.1 Automotive sector review

India is the world's third-largest vehicle market, after China and the US. The auto industry is one of the key pillars of the Indian economy, contributing about 7.5% to our GDP and about 49% to manufacturing GDP. It also employs close to 4 crore people directly and indirectly. In 2024, India's automotive sector witnessed a dynamic phase marked by both resilience and transformation. The demand for passenger vehicles showed a moderate increase, driven by a growing middle-class and increased urbanisation. The rise of electric vehicles (EVs) continued to be a significant trend, supported by government incentives and improved charging infrastructure, although challenges such as high costs and battery technology persist. The industry registered a growth of 9.1%, selling 26.1 million units by the end of the calendar year. The growth was mostly on account of two and three-wheeler sales and passenger vehicle sales remained subdued during the year as compared to the previous year. Two-wheeler sales increased on account of domestic as well as export demand. Electric two-wheeler sales also witnessed an uptick. The passenger vehicles as well as the commercial vehicle sales remained under pressure due to various factors including delayed release of payment by the government and slow financing approvals. The tractor segment, on the other hand, was supported by above normal rainfall in some regions, despite declining export of tractors during the year.

Automakers are likely to focus more on innovation, with investments in advanced technology and digitalization initiatives such as connected and autonomous vehicle features. While the industry faces multiple challenges, strategic adaptability and policy support are poised to steer overall growth and competitiveness in the sector.

Automotive market trends and outlook

The Indian automotive market is witnessing remarkable changes. From the increasing adoption of both electric and hybrid vehicles technologies, to the growing preference for SUVs and luxury cars, it continues to present numerous opportunities for OEMs. This is also backed by emergence of new business models like Battery-as-a-Service (BaaS) which are making electric mobility more accessible, convenient and affordable.

A growing middle-class population, rapid urbanisation and increasing emphasis on green mobility has encouraged Indian automakers to adopt new technology and create more options for safer and cleaner mobility. As a result, greater emphasis for producing utility vehicles, EVs and hybrid vehicles continue to be noticed across the sector.

The EV market in India

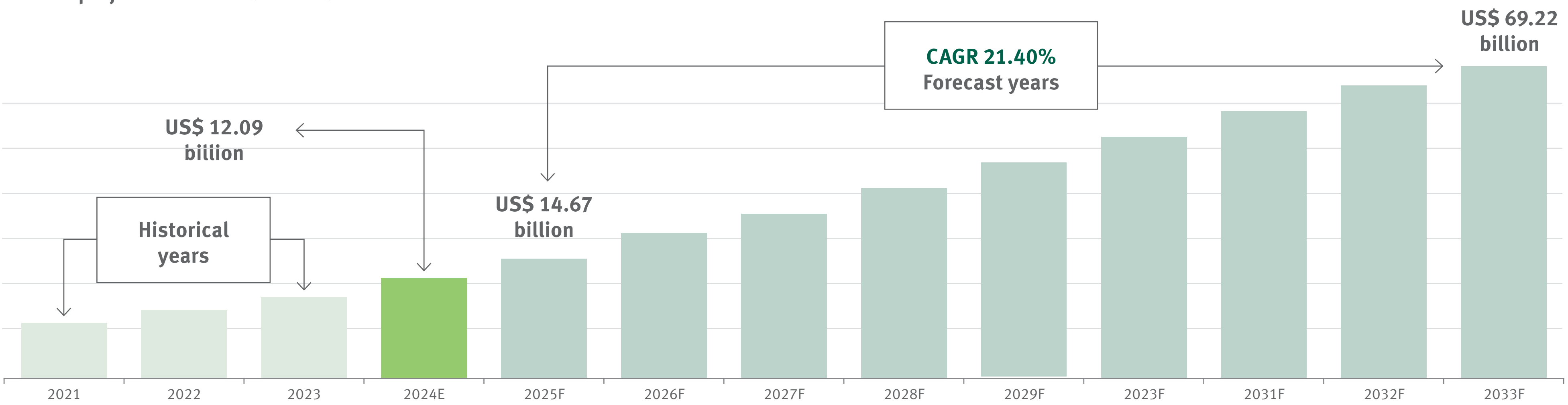
Globally, the EV market is experiencing significant growth, driven by advancements in battery technology, improvement of the EV ecosystem and affordability. The Indian government is also promoting EVs through strategic initiatives, including the Production Linked Incentive (PLI) scheme, Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME) schemes which provides subsidies for electric vehicles and encourages the development of charging infrastructure and reduced taxes on critical raw material required for EV production. These policies have positioned India as a significant player in the EV industry, encouraging domestic EV production, reducing import reliance and fostering self-sufficiency in the EV space.

The Indian EV market size was valued at US$ 12.09 billion in 2024 and is projected to reach a value of US$ 69.22 billion by 2033, registering a CAGR of 21.40% during the forecast period of 2025-2033, as per Straits Research.

Challenges

Despite the positive momentum, the EV market in India faces several challenges. High initial cost of EVs, limited range and concerns about battery life and recyclability are barriers to widespread adoption. Additionally, the charging infrastructure, though expanding, still requires significant investment to meet the demands of a growing EV fleet. On the supply side, domestic manufacturing of batteries and EV components is crucial for reducing costs and enhancing supply chain resilience. Increased collaboration between the government, private sector and international partners is expected to drive innovation and support the development of a robust EV ecosystem. In the coming years, as technology matures and economies of scale are achieved, the EV market in India is likely to see accelerated growth, playing a pivotal role in the country's energy transition and environmental goals.

Growth projection for Indian EV market



(E): Estimate, (F): Forecast, Source: Straits Research

Vehicle Lifetime Solutions

There are about 30 million passenger cars on Indian roads, growing at a rate of ~8-10% annually. The used vehicle market is also witnessing remarkable growth and transformation, driven by affordability, accessible financing options, improvement of vehicle quality and reliability and better opportunities for buying and selling used vehicles through online platforms. The shift towards online platforms for purchasing spare parts and services has been notable. Companies in the aftermarket space are increasingly leveraging technology for better inventory management, client interaction and service delivery. This trend is likely to continue as more consumers prefer the convenience and variety offered by online platforms. According to a Mordor intelligence report 'Used Car Market in India - Size & Share Analysis 2024-2029', the used car market size in 2024, is estimated to be US$ 31.62 billion and is projected to reach US$ 63.87 billion by 2029, growing at a CAGR of 15.10%. With improving technology, the average age of automobiles has steadily increased from 9.78 years in 2002 to 11.33 years now. This has increased servicing requirements for automobiles and has largely contributed to the growth of the automobile aftermarket industry.

Adoption of e-commerce for selling spare parts, use of digital channels to ensure safety subscription-based services like annual maintenance plans and the use of technology to optimise operational efficiency and marketing has resulted in better customer engagement. These trends have been crucial for the growth of the automobile aftermarket segment in India. Also, owing to improvement in vehicle manufacturing quality and technology, vehicles are now more durable. This longevity results in an increased demand for regular maintenance, repair and replacement parts, which boosts the aftermarket sales. Expansion of vehicle ownership in Tier 2 and Tier 3 cities, rise of organised service providers, changes in government policies such as Bharat Stage emission norms and the push towards electric vehicles (EVs), are affecting the aftermarket space.

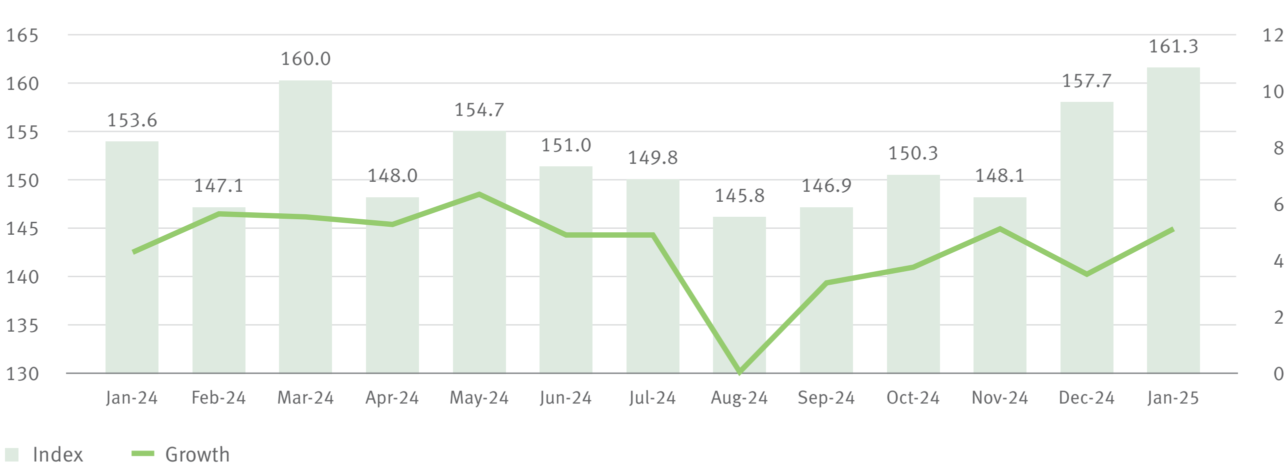
Despite the growth, the sector faces challenges related to counterfeit parts, vehicle scrapping policy, fluctuating raw material prices and the need for skilled labour. Addressing these issues is vital for sustainable growth and consumer trust. But overall, the automotive aftermarket in India is poised for growth, driven by a dynamic mix of technology, consumer preferences and economic factors.

2.2 Industrial sector review

The industrial sector, encompassing manufacturing, mining, construction and utilities, is critical for the Indian economy. As of recent years, this sector has been undergoing significant changes driven by various economic, technological and policy factors. India has been making concerted efforts to boost manufacturing through initiatives like 'Make in India', which aim to transform the country into a global manufacturing hub. Increasing adoption of Industry 4.0 technologies such as automation, the Internet of Things (IoT), artificial intelligence (AI), and machine learning are being integrated into manufacturing and other industrial processes to enhance efficiency, productivity and quality. Industries in India are also increasingly focusing on sustainable practices and reducing their environmental impact. There is also a growing emphasis on the adoption of clean technologies, waste management and reduction of carbon footprint to comply with environmental regulations and global standards.

India's IIP depicted a strong growth in FY25, Mining grew by 4.4%, Manufacturing by 5.5% and Electricity by 2.4% in January 2025. The budget for FY26 has put the government capex figure at ₹11.2 lakh crore, demonstrating growing encouragement for the core sectors of the economy and a fiscal deficit target of 4.4% of GDP. Increased expenditure on the automobile sector and major infrastructure upgrade for railways has also been proposed. As per budget announcements, around 40,000 rail bogies are expected to be converted into Vande Bharat coaches and three major rail corridors were also announced during the budget – the port connectivity corridor, the energy connectivity corridor and the mineral and cement corridor.

All India Index of Industrial Production



Source: Ministry of Statistics & Programme Implementation

Outlook

The government's consistent efforts to ensure structural, fiscal and infrastructural reforms have resulted in rapid industrial growth. The PLI scheme is also expected to act as an impetus for business growth and result in the development of better manufacturing infrastructure within the country. Moreover, business sentiment is likely to improve on the back of continued measures to reduce transaction costs and facilitate ease of doing business.

Policy measures for the Automotive and Industrial sectors

For the automotive and industrial sectors, the Budget included several policy measures aimed at fostering growth, boosting competitiveness and addressing sector-specific challenges.

- **Incentives for Electric Vehicles:** Continued push towards EV adoption through incentives such as tax rebates, subsidies and lower GST rates on electric vehicles and their components could be proposed. Additionally, investments in EV infrastructure like charging stations may be announced.
- **Presumptive taxation regime:** Proposed for non-residents providing technology and support services to electronics manufacturing facilities in India, it will significantly reduce the tax that global players need to pay for investments in the Indian market, thereby encouraging the growth of electronic component and system manufacturers in the automotive sector.
- **Personal Income Tax:** In a significant effort to ease the tax burden on the middle class, substantial tax cuts have been proposed for personal income tax in FY26. This change could result in an increase in disposable income for each taxpayer and could play a crucial role in driving demand for two-wheelers, three-wheelers and entry level cars in the near future.
- **Focus on manufacturing sector and infrastructure investments:** The budget emphasises the development of high-employment industries to promote growth and boost domestic production. Substantial investments in infrastructure support industrial growth including the development of transportation networks and energy supply systems, all expected to enhance the efficiency and competitiveness of India's manufacturing.
- **Investment in technology and digitalization:** Encouragement of digitalization efforts and investments in Industry 4.0 technologies to enhance productivity and efficiency across sectors.

2.2.1 Renewables

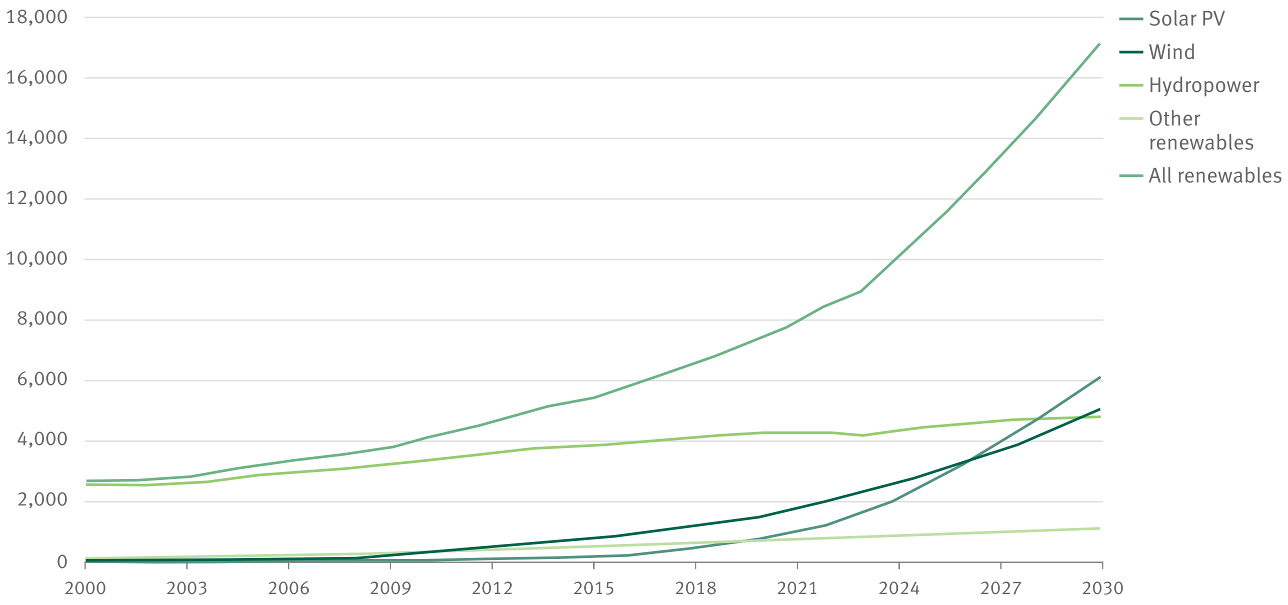
During COP28, countries around the world adopted a target to triple renewable energy capacity by 2030 to accelerate energy transition towards a cleaner and greener future. Therefore, global wind-powered electricity generation saw a strong growth in 2024. The IEA expects renewables to account for almost half of global electricity generation by 2030, with the share of wind and solar PV doubling to 30%.

As per Ember, an independent energy thinktank, 593 GW solar power generation capacity was expected to be installed around the world in 2024, a growth of 29% over the previous year. The combined additions of China, the United States, India, Germany and Brazil remained on track to make up 75% of global solar additions in 2024.

Global wind electricity generation in the first nine months of 2024 climbed by ~7% over the same period in 2023, according to Ember. The historical trends suggested that this figure could spike in the final months of the year, pushing annual generation to a new record.

According to Global Energy Monitor (GEM), China, the United States and Germany, collectively generate 64% of the current global wind generation capacity. Wind energy stands as a powerful independent source of clean energy while also complementing other renewable solutions, to build a versatile and sustainable energy future. Its flexibility makes it a cornerstone in addressing global energy and climate challenges.

Global electricity generation by technology, 2000-2030 (TWh)



Notes: The electricity generation trajectories for wind and solar PV indicate potential generation, including current curtailment rates. However, they do not project future wind and solar PV curtailment, which may be significant in some countries by 2028. The 'Increasing VRE Penetration Leads to Rising Curtailment' section in Chapter 2 discusses some recent trends.

Solar and wind energy in India

India's total electricity generation capacity has reached 452.69 GW, with renewable energy contributing 46.3% of the country's total installed capacity. Solar power leads the way with 90.76 GW, followed by wind at 47.36 GW. India has vast potential for wind power generation through its coastal and inland wind corridors across the country. In 2024, India added 24.5 GW of solar and 3.4 GW of wind energy to its energy mix. India has set a target to reduce its carbon intensity by less than 45% by the end of the decade, achieve 50% cumulative electric power generation capacity from renewables by 2030 and aims for net zero carbon emissions by 2070. By 2030, India targets 500 GW of renewable energy capacity.

2.2.2 Railways

The railway sector has witnessed rapid development over the past few years, including investments and policy support from the Government of India. The budget allocation for Indian Railways stands at ₹2.65 lakh crore for FY26. With highest ever electrification of sections and significant expansion of India's rail network, the sector is expected to cater to the growing demand for passenger convenience. Besides, development of technology for signalling and telecommunication, laying of new tracks and upgradation of stations are expected to contribute towards the modernisation of railways.

The Indian Railway Board plans to introduce 10,000 new coaches over the next couple of years. All 10,000 coaches are expected to belong to the LHB category, offering advanced safety features and improved passenger amenities.

3. Business overview

A world that is constantly evolving needs an evolutionary technology. Schaeffler is actively engaged in innovating and shaping the global pace of change. With innovative technologies, products and services for CO_2-efficient drives, electric mobility, Industry 4.0, digitalization and renewable energies, the Company is a reliable partner for making motion and mobility more efficient, intelligent and sustainable. Schaeffler India offers a diverse range of products and services across its business segments: Automotive Technologies, Vehicle Lifetime Solutions and Bearings & Industrial Solutions. In addition, with our understanding of systems and comprehensive services, we support automotive aftermarket and industrial distribution markets. Our client-centric approach, coupled with a strong emphasis on innovation and a superior distribution network, consistently reinforces our market leadership. To meet the diverse needs of both our automotive and industrial clients and demand for our cutting-edge products and solutions, we have strategically enhanced our sales and marketing capabilities.

3.1 Operational performance review

Automotive Technologies

The Automotive Technologies division encompasses the E-Mobility and Powertrain & Chassis businesses. Since the beginning of 2024, the comprehensive portfolio of automotive bearing applications and products has been assigned to the Bearings & Industrial Solutions division. The business recorded a growth of 11.6% as compared to the same period last year, maintaining strong order intake even amidst contraction in specific segments. This was backed by a trajectory of business wins and strong performance from the passenger vehicles and tractor segment. In terms of operational performance, localisation has remained a key strategic priority, with significant progress achieved on important projects such as planetary gear shafts and e-axles. We also remained focused on building our product roadmap to support the evolution of powertrain development across all vehicle segments. Looking ahead, we remain committed to offer a wide range of innovative products to keep our customers at the forefront of automotive trends and technology.

Vehicle Lifetime Solutions

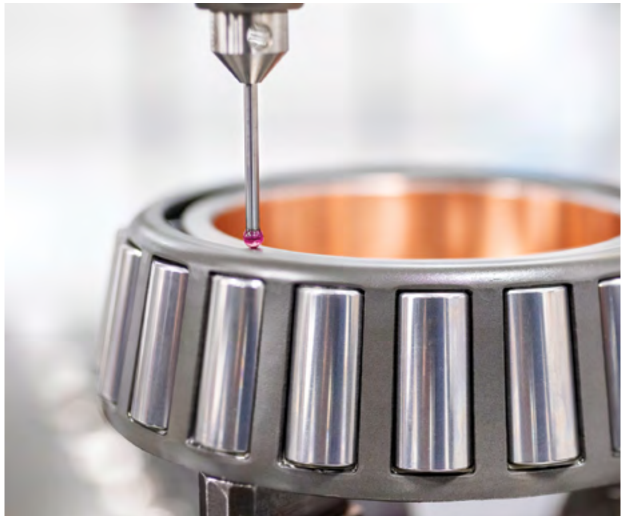
In 2024, the Vehicle Lifetime Solutions business recorded a growth of 3%, as compared to the same period last year. New product introductions and market penetration continues to be a focus area for this division. The recently launched steering and suspension products gained significant momentum, with good market acceptance indicating strong potential for growth and customer engagement. Business acquisitions in areas of front-end auxiliary drives, timings kits, wipers and lubricants also continued during the year. The acquisition of KOOVERS further strengthened our prominence in the Indian automotive aftermarket. Through the year, we continued to broaden reach as well as market penetration by establishing dark stores and hubs across the country, thereby enabling customers to access products on our platform quickly and efficiently.

Bearings & Industrial Solutions

During 2024, the division registered a double-digit growth of 14.1% as compared to the same period last year. The growth was broad based across all sectors and stems from our strategic focus on cultivating new businesses and maintaining a robust trajectory of ongoing business wins. We continued to maintain strong growth in our renewable energy segment. During the year, we also witnessed significant traction in other key sectors that we operate in viz. Power Transmission, Raw Materials, Railways amongst others. This success was driven by the acquisition of new customers and our concentrated initiatives for developing innovative products and strengthening our portfolio with products made in India. In the two-wheelers segment, we secured new business nominations across different platforms including the new EV segment. The distribution business, which is being represented by over 150 distribution partners pan-India, remains a key focus area and we continued to invest in growing our market share, backed by a strong network of distribution partners.

3.2 Financial performance review

Schaeffler India delivered a robust performance despite global headwinds that exerted some pressure. Total revenue for the year grew 11.8% Y-o-Y to ₹80,763 million. EBITDA amounted to ₹14,969 million, with margins at 18.5%, as compared to 18.7% margin achieved in the previous year. We were able to achieve a PAT margin of 12.1% for the year against 12.6% in 2023.



Automotive Technologies

The Automotive Technologies division contributes ~34% of the revenues for Schaeffler India. Since the beginning of 2024, the comprehensive portfolio of automotive bearing applications and products has been assigned to the Bearings & Industrial Solutions division. During the year, we successfully maintained a strong order intake even amidst contraction. The business grew 11.6% in 2024, as compared to the same period last year.

Vehicle Lifetime Solutions

In 2024, the Vehicle Lifetime Solutions division contributes to ~10% of the revenues for Schaeffler India. The division continued to add new products to the portfolio and expanded the range of products across all categories. We continued to make investments to improve the manufacturing infrastructure, branding activities and training of mechanics. E-commerce channels were also used to facilitate our growth endeavours.

Schaeffler has established a network of partner workshops to adhere to strict quality control measures. We undertake strict measures to prevent the circulation of counterfeit parts and ensure the supply of genuine parts to our partners. We also invest in comprehensive training programmes for mechanics to bridge the skill gap and improve service standards.

Additionally, leveraging technology to enhance operations and customer experience is crucial for us. Mobile apps that allow customers to book services, track their vehicle status and receive real-time updates, along with the use of data analytics to monitor performance and identify areas for improvement, are examples of how technology can streamline operations, cater to the needs of diverse customers and provide consistent service quality.

Advanced Services: We are also introducing services such as predictive maintenance and remote diagnostics to proactively address potential issues before they become major problems and to enhance overall customer experience.

Sustainability: We are promoting eco-friendly practices in vehicle servicing and encouraging practices such as recycling of used parts and reducing waste to contribute to a greener and more sustainable automotive industry.

KOOVERS, our aftermarket e-commerce subsidiary achieved sales of ₹1,581 million for the year.

Bearings & Industrial

The Bearings & Industrial business contributes to ~44% of the revenues for Schaeffler India. Since the beginning of 2024, the division has also been responsible for the comprehensive portfolio of automotive bearing applications and products which were previously assigned to the Automotive Technologies division. During 2024, the division registered a double-digit growth of 14.1% as compared to the same period last year.

The growth was broad based across all sectors and stems from our strategic focus on cultivating new businesses and maintaining a robust trajectory of ongoing business wins.

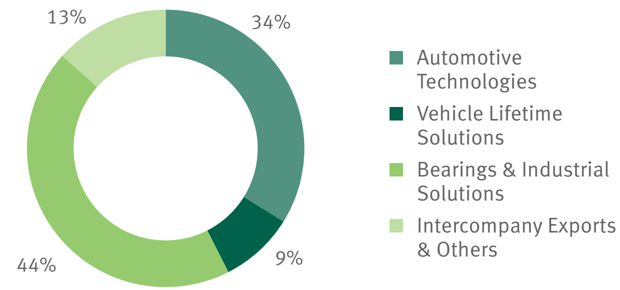
Financial performance review

(₹ in mn)

Particulars	2024	2023	Change (%)
Net Revenue	80,763	72,261	11.8
EBITDA*	14,969	13,528	10.7
Less: Depreciation/Amortisation	2,688	2,191	22.7
Less: Finance cost	35	42	(15.8)
Add: Interest income	929	989	(6.1)
Profit before tax (before exceptional items)	13,175	12,284	7.3
((Less)/add: Exceptional Items)	-	(47)	(100)
Provision for tax	3,398	3,147	8.0
Profit after tax	**9,777**	**9,090**	7.6

* Earnings before Interest, Tax, Depreciation and Amortisation

Revenue mix (%): 2024

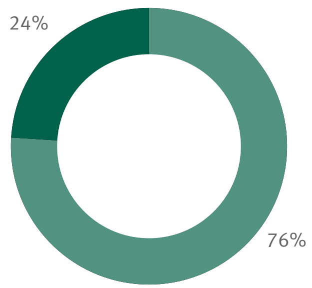


Revenue

(₹ in mn)

Particulars	2024	2023	Change (%)
Net revenue	**80,763**	**72,261**	**11.8**
Mobility component and related solutions	61,384	56,868	7.9
Others	19,379	15,393	25.9

Revenue mix (%): 2024



Profitability

(₹ in mn)

Particulars	2024	2023	Change (%)
EBITDA	14,969	13,528	10.7
Less: Depreciation/Amortisation	2,688	2,191	22.7
Less: Finance cost	35	42	(15.8)
Add: Interest income	929	989	(6.1)
Profit before tax (before exceptional items)	13,175	12,284	7.3

Taxes

(₹ in mn)

Particulars	2024	2023
Provision for tax	3,398	3,147

Profit after tax

(₹ in mn)

Particulars	2024	2023	Change (%)
Profit after tax (before exceptional items)	9,777	9,090	7.6

Cashflow

(₹ in mn)

Particulars	2024	2023
EBITDA*	14,969	13,528
Income tax	(3,142)	(2,973)
Change in working capital and others	(2,984)	(1,555)
Capital expenditure**	(7,405)	(5,189)
Interest income**	801	809
Free cash flow	2,239	4,620

* Earnings before Interest, Tax, Depreciation and Amortisation

** Figures are net

4. Business outlook

2024 has been a year of steady growth for Schaeffler India. Going forward, we will continue to focus on our strategic objectives to overcome challenges and sustain strong performances and operating metrics. We also remain determined to align our efforts with our sustainability goals (please read the details on page 55) and efficiently implement a well-defined ESG strategy.

5. Internal control systems

In parallel to the risk management system, Schaeffler India has a system of internal controls over financial reporting (IFC), which ensure the accuracy of the accounting system and the related financial reporting. The internal control system provides for well-documented policies and procedures that are aligned with Schaeffler Group standards and processes. It adheres to local statutory requirements for orderly and efficient conduct of business, safeguarding of assets, the detection and prevention of frauds and errors, adequacy and completeness of accounting records and timely preparation of reliable financial information. The efficacy of the internal checks and control systems are validated by internal auditors.

Our IFC is conceptually based on the regulatory framework, as applicable. The controls defined in the framework are applied at all levels – entity level, process level and IT systems level.

Each year-end, the management assesses the appropriateness and effectiveness of the IFC in place. To this end, we use a standardised methodology to identify the processes relevant to IFC, define the required controls and document them in accordance with uniform requirements. This is then followed up with a review of the defined controls, which is performed using a risk-based approach. The process controls are self-evaluated and are audited by the internal and statutory auditors. Wherever control weaknesses exist, actions to eliminate them are defined and monitored regularly to overcome them.

6. Cautionary statement

Statement made in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the government regulations, tax laws, other statutes and other incidental factors.