



Date: 04th July 2025

National Stock Exchange of India Limited, Exchange Plaza, 5 th Floor, Plot No. C-1, G Block, Bandra- Kurla Complex, Bandra (East), Mumbai – 400051, Maharashtra, India NSE Scrip Code – SKFINDIA	BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort Mumbai – 400001, Maharashtra, India BSE Scrip Code -500472
--	---

Subject: Transcript of Analyst/Institutional Investor meeting held on 30th June 2025

Reference: Our intimations dated 25th June 2025 and 30th June 2025.

Pursuant to Clause 15(b)(ii) of Schedule III, Part A, Para A read with Regulation 30 (2), Regulation 30(6)&Regulation 46(2)(oa)of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) (“SEBI LODR”) and SEBI Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/0155 dated 11th November 2024, please find enclosed herewith the transcript of Analyst / Institutional Investor meeting held on Monday, 30th June 2025. The same will soon be uploaded on the website of the company for convenience of the shareholders.

Audio Link is the aforesaid meeting is available on the company’s website and same was intimated on 01st July 2025.

We request you to take the above information on record and disseminate the same on your respective websites.

Thanking you,

Yours faithfully,
For SKF India Limited

Ranjan Kumar
Company Secretary & Compliance Officer

SKF India Limited

Registered office: Chinchwad, Pune 411 033, Maharashtra, India

Tel: +91 (20) 6611 2500, Fax no: +91 (20) 6611 2396, Web: www.skf.com, Email id: investorindia@skf.com

CIN: L29130PN1961PLC213113



“SKF India Limited Investor Meet Conference Call”

June 30, 2025



**MANAGEMENT: MR. MUKUND VASUDEVAN - MANAGING DIRECTOR,
SKF INDIA LIMITED & PRESIDENT FOR INDIA,
SOUTHEAST ASIA AND AUSTRALIA FOR SKF GLOBAL
Ms. RANJITA KULKARNI - VICE PRESIDENT, SKF
INDIA LIMITED
MR. SHAILESH SHARMA - DIRECTOR FOR OPERATIONS
AND WHOLE-TIME DIRECTOR, SKF INDIA LIMITED
MR. RANJAN KUMAR - COMPANY SECRETARY &
COMPLIANCE OFFICER, SKF INDIA LIMITED
MR. ALAGESAN THASARI – DIRECTOR, AUTOMOTIVE
BUSINESS, SKF INDIA LIMITED**

- Ranjan Kumar:** So I will start again. Welcome all. Good afternoon and welcome all to this Investor Meet.
- As I indicated before, this call has been fixed primarily for giving you more insight on the demerger process we are on currently. We would not be discussing the quarterly performances which has not been still being made public. This, I mean the length of this call would be broadly around 45 minutes. The way we have structured is initial 20 minutes or 15-20 minutes we have a small presentation for you all which would again be primarily focusing on the demerger where we have some of the financials. We would not be going more deep on the forward looking statement. It would be directional. You can make out from the presentation. The presentation has already been uploaded on the stock exchange, and we will not be discussing anything on that. It is in public domain now. So, that is how we have structured that, but before getting into this, a quick intro from our side.
- Mukund Vasudevan:** This is Mukund Vasudevan, I am the Managing Director of SKF India Limited, also the President for India, Southeast Asia and Australia for SKF Global.
- Ranjita Kulkarni:** Hey, good afternoon all. I am Ranjita Kulkarni, the Vice President at SKF taking care of finance for India and operations controlling.
- Shailesh Sharma:** Hello, I am Shailesh Sharma. I am Director, Operations for India and Southeast Asia and Whole-Time Director in SKF India Limited.
- Ranjan Kumar:** Hi, I am Ranjan Kumar. I am Company Secretary & Compliance Officer for SKF India. **Legal council for SKF India 2.07.** So with this, we move on to the Presentation. We will take a two minute pause. I will not read the disclaimer. Just request you to read that disclaimer. We will just take two minute pause to read this and then we will move on to the content of the slides. If done, we can let's move on.
- Mukund Vasudevan:** So this is Mukund. We will go through SKF India as it stands today. Just a quick glance on '24-'25 results. And then we will cover the rationale for the demerger, which you have seen, but go a little bit deeper into how we are allocating assets across the two. We will talk about the automotive and the industrial business separately, something we haven't done before, in more detail, and then finally end with demerger timeline.
- Everybody please just note your questions, and then at the end, raise your hand if you have a question so that we can kind of go in the order you placed in.
- Next page. So as you can see, '24-'25 results, we have always been and will continue to be a strong performing company. We are on Rs. 5,000 crores with delivering 17.2% EBITDA and 11.5% PBT. Good cash flow as well as return on invested capital or return on equity, 29% ROCE and 22% ROE.
- We've been in the country since 1923, one of the oldest bearing companies in India. 1923 initially as a trading company and then we set up three plants over time starting in 1956. We've set up

Pune, Bangalore and Haridwar. 1700 employees and we have great market coverage over 550 distributors about retailers, mechanics and the tens of thousands.

Next page. And if you look at our historical performance, we've always been a solid growth and margin company, 10% growth over the last CAGR over the last 4 years. EBITDA also continued to be in the range of 16% to 19%.

Participant: Can you just, the presentation is not moving for me. Can you just flip the presentation also?

Mukund Vasudevan: Is it the same for others?

Participant: Yes, same here.

Mukund Vasudevan: I think we are not sharing the presentation.

Ranjita Kulkarni: Can you see the screen?

Participant: I can see the disclaimer, the SKF disclaimer. It hasn't moved.

Ranjita Kulkarni: Is it moving now?

Ranjan Kumar: It's not moving but you can download it from BSE actually.

Participant: Yes, we can do it.

Ranjan Kumar: That's better because we have also uploaded that on the stock exchange. You can download and look for that.

Mukund Vasudevan: Do we have page numbers?

Ranjan Kumar: Let us try to fix that in one minute otherwise let us just off for that.

Participant: No hazards, you can go ahead. Now it's seen. Yes, now it is. Thank you.

Mukund Vasudevan: Okay. Alright. We are on page 5 in case you are looking at it, but these are the bar charts on historical performance. Okay, everybody is able to see this?

Participant: Yes, I can.

Mukund Vasudevan: So as you said, strong historical performance, 10% CAGR in topline over the last 4 years. EBITDA is also steady. I wouldn't say it has grown tremendously, but it has been maintained in the 16% to 19% range as is PBT. But solid growth story with good margins.

Next, cash flow has also been good last year. '25 was down a bit because we had to build up inventory, primarily because there was some new lines which are being installed and upgraded.

So we had to build up inventory towards the end of the year. That's the primary reason you are seeing cash flow, but we expect that to return and be in line with other years going forward. And ROCE has also been strong, as I said, in the 28% to 29% range and ROE in the 21% to 22% range.

Primarily share gains in Heavy, Metals and railways offset a little bit by Wind customers who we had to some of which we had to drop because of the low margin profile. But we expect to kind of gain that back over time. Margins has been in the range meaning they were higher, lower margins, a little bit of a timing issue on this, but otherwise we expect in the 16% to 19% range of EBITDA.

Next page. Now if you go to the demerger rationale, which is the next section, so now we spoke about historical, but why we even, we are doing well, we are still growing well as a company, we are also getting good margin. We are also getting good margin and good ROCE. But so why create a demerger at all in this situation? The key drivers are external, different macros. If you think about industrial, it's driven a lot by the infrastructure spent. It's also driven by China Plus One, things like that. If you look at automotive, it's driven by EVs, CAFÉ norms etc.

Customer needs are also very different. Industrial is a lot of many, many customers, actually, many different kinds of segments, industrial verticals. And a steel plant is very different. And the needs of a steel plant are very different from a wind plant, are very different from a motor manufacturer, small motor manufacturer. So those are all common in industrial. So very different needs compared to automotive, who require a lot more customized offering. And they require a product which lasts much longer and is much safer. Uptime is a need in industrial and sometimes in automotive it's reliability which also leads to, given the different customer profiles, different manufacturing focus on both. One is large batch sizes, large volumes and more efficient manufacturing of those same similar products. Industrial is smaller batch sizes, smaller lots, but we would need quicker resetting time to switch between different customer requirements which leads us to what do we need to do to create two high performing, high growth businesses which can accelerate both growth and profitability.

The first on the top left is the independent management focus. So it's two independent teams who are, two independent management team to two independent operations, which will, which can focus on what is required in their respective businesses, both from a customer perspective, as well as a macro perspective or a manufacturing perspective. The second is manufacturing efficiency as I go clockwise around the table, manufacturing efficiency. Manufacturing efficiency is different for industrial and as is for automotive. One requires, as I said, industrial requires shorter resetting times, shorter changeovers, whereas automotive requires more efficiency and better cycle times in just manufacturing each product so that we can manufacture more. Tailored capital deployment, we can now kind of make decisions based on what's needed for the business, whether it is capacity expansion or it is around any other capital which we are deploying, what is required in each business.

Obviously for financial investors, all of you, we want to create more visibility, which will drive our behavior also into the two businesses. Agility and responsiveness will be higher. And finally, innovation is very different. The innovation and sales cycle in automotive is much longer. Innovation has to be much more rapid in industrial, but also tailored to different industries.

Just to give you an example, the needs, as I said, of a motor manufacturer is very different than auto OEM. So we have to kind of tailor our innovation and our manufacturing to suit that. So, but at the end of the day, we want to create two businesses which are growing faster and better margin.

If you look at now getting into details of Manufacturing, Land and Manpower, how we intend to split. There are three main plants, as we said, Bangalore, Pune and Haridwar. Bangalore, today there are 10 lines that will be split in the ratio of 70 to 30. **13:20 (Audio disconnect)** Bangalore will also become 100% of automotive will remain there. The three lines of Bangalore will actually move to Pune. Land is split in the ratio Bangalore 85-15, Pune 52-48 and Haridwar 100% and Manpower roughly in the ratio of 55-45 between automotive and industrial.

Next page. And we'll talk a little bit more in detail about the Automotive and Industrial business. I will hand it over to Alagesan to talk about the automotive business.

Alagesan Thasari:

Thank you, Mukund. So in automotive industry, we are at the exciting times. As you may see in the road, less polluting vehicles and every second car is an SUV. Again, the favorable demographics is helping us to grow in the automotive sector. In the regulations, there is both pollution as well as fuel efficiency. And it's a noise regulation and it's going to save **(Inaudible) 14:35**. So in all this four, bearings play a very major role, both in terms of friction, stiffness, and low weight. And we are helping all of the OEMs to build very efficient vehicles. And in the TCO, mainly the commercial vehicles, as you know, in India, the logistics cost is nearly about 40% of the GDP. And currently coming out with lot of regulations and to lower the cost and one of the major cost is keep the driving time up and that need meaning the lower service cycles and lot of overbearing digitized which is sealed for life need not be open in service. So we are helping them in the so-called path of ownership. These two on policy on accelerating electric vehicles and that also improving the last-mile mobility mainly in the 3-wheeler and light commercial segment where their need is more of high speed, high-tech more reliable things and very much part of the ecosystem.

We will move on with the financials of revenue mix and the segmentation from '22 to '25. We are OEM player nearly about 65% to 70% and that's the main stake in the future as well. Since the customer concentration is estimated at 60%, which is very much aligned with the industry as well. The top 5 automotive players have this 60% share, and we were aligned with the automotive industry. But if you look at the distinct change between 2022 to 2025 on 2-wheeler and 3-wheeler, we gained share, nearly about 8% share and this is primarily share gain and also new product plateaued mainly in the 3-wheeler and share gain in terms of the 2-wheeler customer. And we introduce some new products in the passenger vehicles wheel end that increased from 19% to 22%. And you can see here there is a significant reduction in commercial

vehicles wheel ends. I am not talking about powertrain wheel ends, this is mainly pruning in Wind where we are loss making **(Inaudible)17:08**. So then brought down the share from 21 to 15 and a similar fashion for the powertrain programs from 13% to 10%.

What is it for SKF? As I said, we are very much in every portfolio of what is required for the automotive ecosystem and for OEMs we continue to offer the application specific offerings. It's a longer cycle, but we can build very efficient vehicles for our OEMs. That will in turn to help us increase the revenue per vehicle and control of 3-wheeler and light commercial vehicles to passenger cars. We are also working on new technologies based on the safety regulations both crash as well as on the ABS which has been announced recently. So we are working on developing products which can help with ABS as well as high stiff bearings to achieve the **(Inaudible)18:26**.

On the aftermarket, we are expanding the portfolio beyond bearings and we are also developing service kits which goes along with bearings on the mechanics or in the service centers and we are using our digital backbone to expand our retail network connecting distributors, retailers and mechanics all over India which is very much important for us to get penetration into Tier-2, Tier-3 and rural areas of the market. So, these drivers, the growth drivers brings in the need for capacity. As Mukund earlier said, the three factories largely dedicated for Automotive; Bangalore, Pune and Haridwar. So, we would increase for 10% capacity in Bangalore, nearly about 30% capacity in Pune and about 50% in Haridwar, which would be the range of about Rs. 500 to Rs. 600 crores CAPEX between '25 to '30. So it will fulfill the requirements of the automotive course. Over to you, Mukund.

Mukund Vasudevan:

I will talk a little bit about the Industrial business. Similarly, we'll talk about the external drivers, what we are doing to grow, as well as the manufacturing footprint. Industrial, as I mentioned before, it is primarily driven by infrastructure, the China Plus One, renewable energy. And in infrastructure, the steel and cement industries will gain directly from it. Indirectly, we will gain from pumps, motors, conveyors which will be built to serve those industries. If we go down the line China Plus One is continuing to make some drive the Make in India. We are seeing that in our factories but also in other parts, other companies who are our customers. But obviously that will play out with tariffs, we'll know soon.

Renewable energy, wind is a big segment which industrial serves. That will continue to be a big portion of our business. Mining, oil and gas, other metals driven by power and infrastructure will continue. Railway, both freight as well as faster trains like Vande Bharat will continue. And then finally, there will be the consumption driven industries, which will include food and beverage, agriculture, and some other industries, which will grow at GDP. But overall, we expect very positive macro environment in industrial.

Next. And if you see this split of business as we look from '22 to '25, as you remember, overall, the industrial business is around Rs. 3,300 crores right out of the Rs. 5000 crores. OEM to aftermarket is largely remaining unchanged. The split on the left hand side pie chart. OEM just for your benefit is both OEM as well as end users, which where we have a service business and

that in the future we expect that to grow a little bit more, right, the service business. On the right hand side is how the OEMs are split up or where we have direct sales. You can see general machinery is the biggest there, again at around 43% today. General machinery includes agricultural, electrical, pumps, motors etc. and many smaller industries. The next biggest is railways driven by the freight and the faster passenger trains. Heavy, wind, and metals, the change you'll notice is from '22 to '25 where wind percentage is dropped, primarily due to pruning, but railways and heavy have grown a little bit more driven by infrastructure spend. Our customer concentration, as I mentioned, in industrial is quite small, given the diversity of industries we serve.

And what are we going to do to continue to expand industrial as expanding the reach. We are now getting into Tier-2, Tier-3 cities with smaller retailers stocking our bearings. We are augmenting our service offering, especially to heavy industry where uptime is critical. New products driven by not just localized manufacturing, but also fit for purpose innovation. But that also given the nature of the business requires a faster product development cycle. We are now beginning to launch 2 to 3 new products every year based on innovation requirements of industrial. And internally, both manufacturing and sales, we are building competency to improve our efficiency, but also our effectiveness. How do we sell value? How do we manufacture, fit-for-purpose products.

This is an important slide on capacity expansion in industrial. Today, as you mentioned, there's two main plants, Pune and Bangalore. Haridwar was 100% automotive. Pune, we will be setting up a new plant, fully industrial, for industrial, making primarily DGBBs, which are deep groove ball bearings, tapered roller bearings, and unitized bearings, which are UCs. There'll be a brand new plant set up for that. Bangalore, three new lines, three lines will move to Pune and Bangalore will then become 100% automotive. The capacity expansion over the next 5 years will be not just the new plant which we spoke about, but also channel expansion, meaning additional lines to serve the capacity, the demand of India, but also exports. So over the next 5 years, we expect to spend Rs. 350 to Rs. 450 crores on just channel expansion or lines, additional lines in Pune, but also setting up the new plant, which is another Rs. 450 to Rs. 500 crores, which will be done by 2028. So Pune will have 2 plants, one automotive, one industrial. Bangalore will become 100% automotive. Haridwar will remain 100% automotive.

And as we look forward the next 3 years, our overall guidance is it's primarily a growth story still. Next 3 years till '28, we expect growth in automotive to be in the 10% to 12% range, industrial to be a little lower, 8% to 10% range. But beyond '28, we expect to see as we have finished the new plant construction and we are seeing more localized product, we expect to see faster growth in industrial. Margins, we continue to over the next 3 years, we will continue to maintain a strong 17% to 19% profile. That's the direction we are heading. If macros improve or market conditions change, obviously that's the change we can't account for. But today, given as things are, this is where we stand.

I will now hand it to Ranjan to quickly talk over timelines.

Ranjan Kumar: So demerger process is going as per the schedule which we shared before. Currently, we are at the stage where we have filed the application with NCLT. NCLT has ordered to convene the shareholders meeting which is on the 14th of July. The process we expect to conclude somewhere in October November, subject to for sure there is approvals which we need to take and like NCLT approval as you know it is not in control so if that deviates the time also deviates along with that. But our internal target you can say is somewhere October-November we get the NCLT approval and by December we want the new entity to get listed also. That's the high level target time we are taking in our mind, and we are working towards that target. But overall we seem to be in time in the process. That's idea.

So with this, we are done and with your permission, Mukund, we can open up the questions now?

Mukund Vasudevan: Can you just raise your hand for questions so that we know who's raising hands.

Ranjan Kumar: Starting with the room if someone has any questions.

Participant: Can I ask a question? So in the new plan, you also mentioned TRB. So we are not so much present in TRB. So it's a completely new line of present for us?

Mukund Vasudevan: No, we are present quite a lot in TRB. Obviously more in automotive today, but even industrial, we are in TRBs, but we expect that to grow both in several industries but also exports.

Participant: Can you quantify the potential or revenue potential once this expansion is done in terms of CAPEX? What could be the asset turn we can look at both on the auto side and the industrial side for the new capacities which you are setting up?

Mukund Vasudevan: He is asking the revenue..

Participant: Revenue potential for the CAPEX which you are doing it either would do.

Mukund Vasudevan: Ranjita, would you..?

Ranjita Kulkarni: Yes, so revenue potential in terms of the capacities what we are expanding. See, over the period when I say I think in one of the slides we did present from the automotive house the CAGR we are looking forward to and from the industrial point of view also what we are looking forward to. Now, industrial, you saw that we have put together a story from 2025 to 2030, right. So we will be adding, we are looking forward to add multiple lines over there and product lines have already been mentioned. So that would help us push our existing capacities almost by in the range of 1.3 to 1.5x.

Participant: And this expansion is completely what you mentioned is in the listed entity, not in the SKF...

Ranjita Kulkarni: Yes, it would be in the SKF listed industrial.

- Shailesh Sharma:** In TRB business just to elaborate a little bit, the agri business which used to be part of tractor for example, used to be part of our **(Inaudible) 28:57**. So, that is why **(Inaudible) 29:04** in bearing be there, it will be still there.
- Ranjan Kumar:** Any questions from the people on Zoom?
- Participant:** Hi, can I ask a question? One is we have seen some margin volatility in the last 2 quarters, 3 quarters, right in SKF India listed entity. I just want to understand how does this entire transfer pricing works and why this volatility and what should we expect going forward?
- Mukund Vasudevan:** As I mentioned, we are expecting the margin to remain in the 16% to 19% range especially in industrial that is why the most trading happens. The reason for the volatility in the margins is primarily because there is a little bit of while norms require us to maintain a certain margin between the trading entity, the seller and the buyer, certain margin, then it just as per rules, regulations on transfer pricing. There's a little bit of quarter-on-quarter change, which we finally catch up at the end to make sure the year is normalized. That's the reason for the volatility you are seeing. We are trying to set up processes to make that more steady. But if you look at a year-on-year, you'll see a more steady profile in general overall, and that's what we are intending to maintain 16 to 19 is what we intend. But we'll probably lower the band. The second thing I will say is on industrial especially, we expect that in the '20 to '25 to '28, there'll be more capacity expansion. Beyond '28, we will hopefully see an improvement in that margin profile because by then all the new plant capacity expansion will mostly be done. And then we should see the benefits of more localized content by then.
- Participant:** Just one follow up. So there was no change in the policy, transfer pricing policy?
- Mukund Vasudevan:** There is no change at all.
- Ranjita Kulkarni:** No change in the policy.
- Participant:** And this transfer policy applies to both our outside India entities as well as our Ahmedabad entity?
- Mukund Vasudevan:** Yes, exactly.
- Ranjita Kulkarni:** It is regulated by standard norms of transfer pricing. Only thing is we are trying to make it more steady, straight in terms of full year it should remain. Quarter-on-quarter volatility that is the effort how do we make it straight.
- Participant:** And second, one more thing, I think you also touched upon here in the previous call also that you want to increase localization over a period of time, right? I mean there are two ways to think about localization. One is that whether it will happen in the listed entities or you already have unlisted entity in India because you buy from both of them. So when you say localization, you are talking about listed entities increasing localization or from the India...

- Mukund Vasudevan:** Both. Both will go up, listed and unlisted, just driven by the whole macro. But you have to realize this is a trade-off you are making here today we have capabilities for larger bearings and the understated entity in Ahmedabad. Different kind of bearings in different plants across the world, different capabilities, right? And Pune has a capability in certain things, right? Again, think of that as we are expanding capacity in Pune, we are increasing product range in Pune to serve the global need also, not just India, right? Similarly, other plants will do the same. So the localization content in both will grow and that should, and the decision on what to localize where is driven by what capability and machinery exists there.
- Participant:** But overall the listed entities over the next 3-5 years as you are giving us the charting out the plan, the localization percentage will continue to go up or it will happen first in the unlisted part and then it will...
- Mukund Vasudevan:** No such plan, both will continue to go up.
- Participant:** Earlier SKF used to have a policy global level that manufacturing in the local markets rather than having these manufacturing hubs based out of India, China or any other local. But now you are saying that we look more for the exports.
- Mukund Vasudevan:** I didn't say more, both are important. The primary need is the region. Primary need is how do you satisfy the region. I think because of all the macro drivers with China plus one other things, there is an increased need to do this in India for exports.
- Participant:** So you are doing a large CAPEX in the industrial side. So is there a kind of a support from the parent, okay, we will buy it?
- Mukund Vasudevan:** Yes.
- Participant:** Any line shifting from the global factory here?
- Mukund Vasudevan:** That will also probably happen. Can't give you all the details, but it will probably happen.
- Ranjita Kulkarni:** We have Mr. Lakshmi Narayan.
- Mukund Vasudevan:** Yes, Mr. Lakshmi Narayan. Please go ahead.
- Lakshmi Narayan:** Yes, this is Lakshmi Narayan from Tunga Investments. Thank you for the presentation. I have a few questions. One is that if you just look at your slide, there is something called PDE, in automotive, what is that? It is powertrain or what is that?
- Mukund Vasudevan:** It is a powertrain variant.
- Lakshmi Narayan:** Okay. Now, the second question is that, the nomenclature split which is happening globally in terms of what will go to industrial, what will go into automotive, is that the same thing that is

happening in India or there is some kind of change there? Is it in line with the global thing or any minor changes?

Mukund Vasudevan: Yes, it's largely in line with the global, right? The only change which Shailesh also mentioned is the business which was going into tractors globally is now moving into industrial from automotive. In India, it was being looked at as part of automotive. Globally, it was always a part of industrial. Now, it's a small portion, but not that significant. But there will be a split move from agriculture, which was part of automotive, will become a part of industrial.

Lakshmi Narayan: Okay, because your earlier thing was at 67% industrial and around 13%-14% is tractor. Now that will get rejigged as it will move to the automotive.

Mukund Vasudevan: That's right. I don't know what the exact numbers, but yes, the split is, that's the only change in India, which is slightly different from global.

Lakshmi Narayan: Got it. Now in terms of catalog products...

Mukund Vasudevan: Sorry, Lakshmi Narayan, I just want to mention one thing. The reverse is also true, meaning automotive had some electrical pumps and motors which was part of automotive. It's now being transferred back to industrial to make it in line with global. So there's a little bit of back and forth on that.

Lakshmi Narayan: Got it and any reason why that automotive will have off the road vehicles like this globally does not?

Alagesan Thasari: So, Lakshmi, we will not have this off highway vehicles as part of automotive that was the global segmentation. India will align to that segmentation, so the tractor.

Mukund Vasudevan: Yes, off highway was always a part of off highway is like if you look at mining and construction right, was a part of industrial even in SKF India Limited. The tractors are the part which is shifting back and forth.

Lakshmi Narayan: Okay. Now, if I look at industrial, there is some of them are catalog products, some of them are solution driven products, right? So for us, what percentage of revenues come from solutions where it is not built to print or something like that? So, I mean, how is it in automotive and how is it in industrial? What is the mix?

Mukund Vasudevan: Alagesan can answer maybe. Automotive.

Alagesan Thasari: Automotive in the range of 50% to 60% is 60 to 65 is engineered order, it's all customized for our automotive industry.

Mukund Vasudevan: Industrial is probably a little...we could come back to you with the exact numbers, but I would say it's probably less, it's probably 25% to 30% or maybe even 25. The intention is to try and grow that a little bit more, engineered products. Would you agree, Shailesh?

- Shailesh Sharma:** Yes.
- Lakshmi Narayan:** And currently, if you look at the Ahmedabad plant, which is the SKF Technologies, in India, are the other unlisted businesses you have? There is some lubrication business or something which is there in Bangalore, if I am not wrong. Can you just elaborate a bit on which are the other businesses which are in the unlisted space or B) which are globally there has been a takeover but in India we don't actually have that particular product line?
- Ranjan Kumar:** So if you look at SKF Engineering, it's out of the listed company and out of the agenda but I think for sure gives you the high level portfolio that it manages. So that managed first the Ahmedabad factory, second is we have a global technical center which stays there. Besides that, we have one lubrication factory and one sealing factory, that is in Mysore. So these are the largely 4-5 portfolios which have been managed by the funds....
- Lakshmi Narayan:** Just one last question. See globally SKF, which are the areas like there is a India allocation of capital expenditure which is you actually outlined in your presentation. In which other locations?
- Ranjan Kumar:** This is the last question, Mr. Lakshmi Narayan.
- Lakshmi Narayan:** Yes, this is the last question. So in one of the other locations where SKF is actually increasing capacity or CAPEX or is it only India?
- Mukund Vasudevan:** I think like any other industrial company, we are increasing capacity in Eastern Europe. Given how trade tariffs go, I think America could also change. So I don't know right now. Nobody knows. But I would say India, Eastern Europe are two areas where there is a little more drive to increase capacity right now.
- Shailesh Sharma:** Yes, yes and this also includes some shifting of capacity here and there in addition to additional capacity.
- Lakshmi Narayan:** Thank you.
- Ranjan Kumar:** Thank you, Mr. Lakshmi Narayan.
- Participant:** Industrial business growth expectations are above what you've reported for the past few years. Which segments do you see contributing more towards this higher growth expectation?
- Mukund Vasudevan:** So if you remember the split of business was almost 50% general industrial that I think will grow with just GDP or a little above as we gain share. I think the other sectors heavy, wind, railways will be a little bit more higher growth. Railways tends to be a little lumpy, it goes up and down because of bids and cycle of bidding. But again, I'd say those are the three where we see more growth coming in. Heavy includes cement, mining, construction. And Metals, they're going through a little dip right now in capacity expansion but between our aftermarkets and services business as well as future capacity expansion that we continue also. So if you look at long term trends, it's the top half of the pipe which is heavy, metals, railway and wind.

Participant: Is it true that these sub segments are higher margin sub segments compared to general machinery? Is that right to say? The wind, rail, heavy?

Mukund Vasudevan: I would probably say not. If you think about it, I mean, just from, I don't know the exact numbers, I can come back to you, but there's a reason why I am here. I am not giving you an exact answer as one. It's a little clouded between direct business and aftermarket business. So the OEM business and the aftermarket. Aftermarket tends to be a little higher and then we don't know that exact split because it's going through distributors or others and then landing up. So the exact margin we don't, we can't bi-segment, we can't kind of confirm. The second is that there are some, there's higher customer concentration in the railway, wind and heavy. OEM concentration is very high. So if you think about it, the buying power shifts there. Whereas general machinery is a bunch of many, many, many small customers. So our ability to kind of extract the premium is a little higher in general machinery. Very general statement, but I am pretty sure that's kind of directionally right. And also railways is L1.

Participant: Lastly, a couple of businesses you were pruning, CV, wheel ends, wind in industrial. Is that process over, a)? And b) is there a quantifiable benefit that you can mention or call out?

Mukund Vasudevan: Yes. I mean, yes, quite. You can talk about automotive.

Alagesan Thasari: So commercial vehicle, we continue to review. I think the maximum pruning happens. But still, we are a pruning because it is also the reflection of the material input. So, we continue to negotiate and make sure we maximize that --

Mukund Vasudevan: Same with industrial, I would say it's an ongoing process. We do this every quarter, every month, right? But it's also, you have to look at life cycle margin in a way. So you can take a lower margin on direct business, but then if you are willing to get a lot of service business or aftermarket, it's still worth it. So you have to look at life cycle. So it's a little more complex exercise. We try to continue to do that. And then the quantifiable benefit, I think between, we can tell you, we don't have exact numbers right now, but I can get back to you with, but there's clearly been a benefit, a margin improvement has happened. Now, things fluctuate because of other reasons, material prices could be one, it could be based on becoming competitive prices, pricing change, so on, but purely from pruning we have that benefit.

Participant: Similarly for industrial as you highlighted for automotive what are the growth drivers? CV you said that we will still be pruning. So where would that growth be coming from? Any particular segments that we are focusing on? Is it EV revenue driven or program that we are going in and over there?

Alagesan Thasari: So as I have shown you the revenue growth will happen in all segments, not only concentrate on particular segments, but the average revenue per vehicle will happen more from PV and CV because of the content as well as value we provide to those segments.

Participant: And how is the development on the EV front going for us in order means over there?

- Alagesan Thasari:** We are holding very healthy market share in EV. But as you know the penetration of EV 2-wheeler is just less than 5% and less than 1% in 2-wheeler and less than 4% in PV and CV where we have seen large growth is in 3-wheeler and light commercial vehicles and we have a very healthy market share.
- Participant:** Last question in terms of what could be the disruption because of plant shifting that we are going to undertake, how will that pan out and what could be the disruption or cost of doing that, any indication of that?
- Shailesh Sharma:** So, we have done this all simulation. There will not be any significant escalation in cost because we are preparing well accordingly, we are running some projects also and in terms of disruption also we have good plan of management of inventory. So, I do not think any big disruption will happen.
- Participant:** But this will happen by the timeline of December when you will see the...
- Shailesh Sharma:** No, the plant shifting will be in 2028. So two years we will need for construction of new plant. Till then there will be some kind of training.
- Moderator:** We will take last two questions from Ajox.
- Ajox:** Hi sir, thanks. This is Ajox from Sundaram Mutual. Sir, thanks. My question is on the industrial CAPEX. So priority will be towards localization in the initial stages and then a new product launch. How does that work? So which segments will we be focusing on with the new CAPEX?
- Mukund Vasudevan:** I think the segments... So the priority is catching up with demand in the industrial business, but also new products as well as exports. So at a macro level from in the new plant, so any new lines or as well as new plant in Pune will be driving these three things. One is catching up with demand. Second, any new products we will be launching in the similar range as well as exports. With segments, it's the smaller range of bearings, smaller bearings in DGBBs, TRBs and UCs and some CRBs. This will primarily be in the general industrial and F&B, food and beverage, agri, say those are the main ones and then aftermarket in general, right? So that also is generally industrial.
- Ajox:** Okay. Noted. That's it from me. Thanks.
- Kiran:** Hi, can I go ahead? Kiran from Franklin.
- Ranjan Kumar:** Please.
- Kiran:** This industrial margins, right, about 18%. Has it always been this good or it has gone up in the recent past?
- Mukund Vasudevan:** I'd say it's been in this range. So Ranjita, you can say, you can comment, but it's been in this range of 16% to 19% or 16% to 18%. As I said before, over the next three years, as we are

expanding capacity, localizing more, we expect it to remain in the same range. But beyond that, we expect to see a little bit of increase because the impact of all that localization and increased or the impact of increased CAPEX will start showing.

Kiran: Right. And can you give us some, so right now how much of the industrial sales is localized as opposed to traded?

Mukund Vasudevan: So I'd say it's roughly in the range of 30% and that will go up around 5 to 10 percentage points, by the next 3 to 5 years.

Kiran: Okay. And the second thing is, so historically, you were not exporting much of industrials, but that is fundamentally changing, right? So you want to export out of India.

Mukund Vasudevan: That is right, and export will also grow. I think today we are at around 8% that will grow by at least around 5 percentage points.

Kiran: 8% of industrial is export?

Mukund Vasudevan: Yes, that's right.

Kiran: And that would go up by 5 percentage points?

Mukund Vasudevan: Yes. Right.

Kiran: In 3-4 years' time?

Mukund Vasudevan: Yes.

Kiran: Secondly, in terms of management, how are you planning for the two separate entities after the three year horizon? Is it separate focus given to the auto business or?

Mukund Vasudevan: Yes, definitely separate focus, starting from a separate board to a separate leadership, separate sales team, separate manufacturing team. Everything will be different.

Kiran: And when will all these things fall in place?

Mukund Vasudevan: Ideally before the listing, sorry.

Ranjan Kumar: As a process we have to get ready with the demerger. Kindly read the effectual date. We have to be ready with all two independent companies.

Kiran: Right.

Mukund Vasudevan: So we should go up to the last question.

- Kiran:** Thank you.
- Ranjan Kumar:** Mr. Lakshmi Narayan.
- Lakshmi Narayan:** I have two questions. First is that, I understand that earlier the KRAs for the senior management especially the CEO and the one down predominantly based on the operating margin of the company. I think that's what I am told a couple of years back. And therefore, has there been a change in the way in which it is going to be given that export focus is coming? So just want to understand how the senior management will get evaluated. And second, whether it is going to change in the next two-three years, is it possible to give? That is the first question. The second question is that if you look at the SKF Tech in Ahmedabad, what percentage of SKF Tech actually comes to the Indian listed entity and what percentage is actually exported out of that and what kind of capacity utilization the SKF Tech Ahmedabad is running. So the two questions, one is on the management KRA, second on the SKF Tech?
- Mukund Vasudevan:** I think management KRAs is still work in progress. We haven't yet finalized it, but my expectation is that it will be going towards a lot more growth than margin. Margin, obviously there will be margin also.
- Lakshmi Narayan:** The question is whether the exports is also part of the KRA because earlier it was a part I've told.
- Mukund Vasudevan:** Yes. We haven't reached any decision on that yet, right? So tough for me to say, right? But all I can say is growth will be a big portion. The second question was around Ahmedabad. How much is Ahmedabad selling to the traded entity? I'd say a majority. I think less than 9% or around 9% is the exports from Ahmedabad. But we expect that to grow in the future, right? Again, as I said, that might grow from around 9 to around 13% to 15%. Expect that to grow down the --
- Lakshmi Narayan:** And that's a mutually exclusive capacity that something which is manufactured in Ahmedabad cannot be made in Pune or Haridwar or Bangalore?
- Mukund Vasudevan:** Yes. So it can't because the machines are different. The capability is also different. It's very make versus buy decision to say, it make more sense to trade or put up more capacity in something like Pune? But then you won't get the return on invested capital.
- Lakshmi Narayan:** Thank you.
- Mukund Vasudevan:** Thank you.
- Ranjan Kumar:** Thank you all. I think we can sign off now.
- Mukund Vasudevan:** Thank you all for the time. You can reach out independently if you want to Ranjan, you are all welcome to visit the plant at any time, Pune or Bangalore and we can show you around. Thank you.
- Ranjan Kumar:** Thank you so much.



SKF India Limited
June 30, 2025

Ranjita Kulkarni:

Thank you.