



Date: 13th August 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
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Subject: Transcript of Analyst/Institutional Investor Meeting held on 07th August 2025

Reference: Our intimations dated 31st July 2025, 07th August 2025, and 08th August 2025.

Pursuant to Clause 15(b)(iii) 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 Thursday , 07th August 2025 at 10:30 am. 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 08th August 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

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“SKF India Limited
Q1 FY '26 Earnings Conference Call”
August 07, 2025



**MANAGEMENT: MR. MUKUND VASUDEVAN – MANAGING DIRECTOR –
SKF INDIA LIMITED
MR. ASHISH SARAF – CHIEF FINANCIAL OFFICER --
SKF INDIA LIMITED
MR. RANJAN KUMAR – LEGAL DIRECTOR, COMPANY
SECRETARY AND COMPLIANCE OFFICER – SKF INDIA
LIMITED
MR. ASHISH PRUTHI – HEAD OF MARKETING AND
COMMUNICATIONS – SKF INDIA LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the SKF India Limited Q1 FY '26 Earnings Conference Call. For the smooth conduct of the meeting, all participant lines are in the listen-only mode. A brief question and answer session will follow the formal presentation. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone telephone. As a reminder, this conference call is being recorded and will be of 45 minutes duration.

With this, I now hand the conference over to Mr. Ashish Pruthi, Head of Marketing and Communications from SKF India Limited. Thank you, and over to you, sir.

Ashish Pruthi: Thank you. Good morning, everyone. Thank you for joining us today. With us, we have SKF India's Managing Director, Mr. Mukund Vasudevan; our CFO, Mr. Ashish Saraf; and our Legal Director, Company Secretary and Compliance Officer, Mr. Ranjan Kumar.

Before I turn the call over to the management, I would like to remind you that in this call, some of the remarks contain forward-looking statements, which are subject to risks and uncertainties, and actual results may differ materially. Such statements are based on management beliefs as well as assumptions made by and on the information currently available to the management.

The audience is cautioned not to place undue reliance on these forward-looking statements and making any investment decision. The purpose of today's call is to purely educate and bring awareness about the company's fundamental business and the financial quarter under review.

Let me now turn the call over to Mr. Mukund Vasudevan, who will give an overview of the company's business activities and developments for the quarter, Q1 FY 2025-26. We will then open the call for Q&A.

Mukund Vasudevan: Thank you, Ashish. This is Mukund Vasudevan, Managing Director of SKF India Limited. I will be going through a few topics, which I'm sure has been shared with you also in the presentation. I will go through a quick economic update of the macro in India, talk about the quarterly highlights for Q1 financial year 2026, a quick update on where we are on the demerger process and then end the call with a quick summary, and then we can go to Q&A.

So if we talk about the economy, I will start there, right? Overall, GDP, as you all know, is still -- in India, still growing at 6% with the inflation, 6% plus with inflation at around -- with a manageable level at around 3%. Still the growth in the GDP has primarily been coming from government spending and has been coming from services.

The manufacturing-related GDP has actually slowed down a little bit. If you look at major sectors, the IIP has actually shrunk a bit in this quarter, dropping to 1.8%. So that is obviously driven a little bit by power, electricity, coal, etcetera, but other sectors are also relatively muted.

Automotive has been flat in growth in million units produced. Slight growth in passenger vehicles, very minimal, but decline in both 2-wheelers and then, to some extent, in commercial

vehicles overall. Light commercial vehicles growing a little bit more than the heavy commercial vehicles. Iron and steel production has grown, driven by the construction.

It's -- but new capex projects have actually slowed down in iron and steel. And in construction, we're seeing, again, a slight uptick driven by both real estate as well as the government-related megaproject, infra projects. And that all these has a ripple effect on us. We've seen average growth kind of in line with GDP in our business. But there are sectors which have been up and sectors which are down.

If I now switch to quarterly highlights, our net sales, as I said, has grown at around 6% year-on-year, primarily driven by a stronger Industrial growth, we have grown 13% in Industrial year-on-year, which is excellent growth driven by railways, wind and some of the heavy sectors. Automotive, on the other hand, has actually declined or is almost flat by around 0.4%.

As you know, the Industrial business is 53% of our business, so Automotive is 39% of our overall business in terms of sales. And the exports is another 8%, which is again declined by 0.9%, so around 1%. The Automotive decline has come from some changes in models with some of our larger 2-wheeler customers, but also an overall decline in both commercial vehicles and passenger vehicles.

The Industrial growth, as I said, has come from mainly the heavy wind and railway sectors, and we expect this -- the Industrial growth to continue. Exports is down partly due to tariffs in some of the sectors, but also partly down due to specific industries in Southeast Asia or Americas being down.

Our margin this quarter has come down by almost 530 basis points. The reasons for this are related to, one, demerger-related costs, onetime costs, both IT as well as IT-related costs as well as consultants. Now some of this may continue in the future as we -- over the next year, year and a half as we're expecting this demerger to continue until the point we are -- the demerger is fully done. The other reasons for increase in costs have been the employee-related costs, which have gone up due to annual increments.

We have also started our process of investing more in our factories, so the depreciation costs have actually also gone up. And finally, FX has also had an impact on our business because of the weaker rupee. So all these are contributors. In addition, we also have slightly higher traded volume, which is at a lower margin, and that is creating the mix issue.

Net working capital is -- and cash flow are the next topic I will cover. In net working capital, we have actually reduced a bit the net working capital from quarter-on-quarter, but up a bit from full year, primarily driven by accounts receivable, higher volume of business, but also partially the decline from fourth quarter '25 to now has come from a decline in our inventory.

Cash flow continues to improve. We have a 13% improvement in our net cash flow. I will now talk a little bit about the demerger and so that we can kind of give you a quick update on where we stand on the demerger. As you know, we are trying to create 2 fit-for-purpose independent companies here, both of which can accelerate growth and profitability independently.

We believe the reasons for the demerger are the different macro environment in the Automotive versus Industrial, different customer needs from what Automotive needs given the macro situation and given what various Industrial customer needs. And second and last, the difference in manufacturing style or manufacturing philosophy of the 2 entities.

All these together have been the reasons why we are creating 2 fit-for-purpose companies, which will have independent management focus, increased manufacturing efficiency on both sides, tailored innovation, capital allocation more efficiently done, more agility and responsiveness. And finally, more visibility for our investors in terms of how the 2 businesses are doing independently.

As we announced in the demerger call, we are also now at a point where we know which manufacturing lines will go where. In manufacturing lines in Bangalore, where we have 10 lines totally, 7 will go to Automotive, 3 will remain with Industrial. In Pune, where we have 22 lines, 12 will remain with Automotive and 10 will go to Industrial. Haridwar, 4 lines, all will remain with Automotive. In terms of land, we are roughly split 85% to 15% in Bangalore, 85% for Automotive. 52% Automotive and 48% Industrial in Pune, and Haridwar will be 100% Automotive.

And in terms of manpower, it's 55% to 60% will go to Automotive and 40% to 45% will remain in Industrial. These are rough numbers for the land and manpower, but directionally in the right -- it's what we expect. Finally, in terms of the timeline, we have now filed with the NCLT, and we are expecting the shareholder meeting to happen later this quarter. And we will -- hopefully, once the NCLT approval is done, we should be -- in the fourth quarter of this calendar year, we should be ready to list and trade as 2 separate entities.

All right. Ending call, ending kind of summary. As I said, good 6% plus growth year-on-year. Industrial doing very well at 13%. Automotive slight decline or flat this quarter year-on-year. Excellent cash flow generation, 13% year-on-year increase.

Margins have been soft year-on-year, 530% drop -- sorry, not percent, 530 basis points drop, 5.3%, PBT percent drop, primarily driven by demerger costs, some employee costs and FX. The demerger costs and the employee-related costs, which is the annual appraisal, will continue for the next year and a half. The others, hopefully, it's a onetime which will adjust like FX.

That's it from my side in terms of the presentation. I will -- just one other comment. The shareholder meeting for the demerger is -- has -- was done on 14th July, and they have approved the scheme as the demerger scheme. So -- and NCLT has noted that also, and the we should hear back from on the decision in the month of September. Thank you from my side. I now hand it back to the moderator.

Moderator:

Thank you very much. We will now begin with question and answer session. Due to call duration, we request you to limit your questions to one per person. Anyone who wishes to ask a question may press star and one on the touchtone telephone. If you wish to remove yourself from the question que, you may press star and two. Participants are requested to use handsets

while asking the questions. Ladies and Gentlemen, we will wait for a moment while the question que assembles. The first question comes from the line of Yash Goenka from Awriga Capital Advisors Limited. Please go ahead.

Yash Goenka: Hi, am I audible?

Moderator: Yes sir, you are audible, please go ahead.

Yash Goenka: Okay, hi. This is on the Ahmedabad plant where you blend around INR 150 crores and owned it as deemed capex. So my question is, what is the quantum of capex and how it should benefit the listed company?

Mukund Vasudevan: Okay, Ashish, if you could answer this question.

Moderator: I am so sorry to interrupt. May I request you to please mute yourself after asking the question to avoid the background noise, please?

Yash Goenka: Sure.

Moderator: Thank you.

Ashish Saraf: Thanks, Yash, for your question. Again, I don't have offhand the capex numbers for -- specifically for Ahmedabad factory as it is not part of the listed company. But principally, the investments that we are making in Ahmedabad, Ahmedabad factory would continue to sell to the industrial company which is SKF India and SKF India would in tune -- will continue to sell to the market, right. So any investments that we are making in Ahmedabad is effectively benefiting SKF India in terms of creating a better product availability, localizing the product and ensuring lower cost for SKF and in tune, helping SKF win a better market share in India and abroad.

Yash Goenka: So any time line on when the plant will commission if you cannot quantify the quantum of capex?

Ashish Saraf: Sorry, can you come again with your question?

Yash Goenka: Can you comment on when the plant will be commissioned the Ahmedabad plant?

Ashish Saraf: The Ahmedabad plant is already commissioned, right. They are already operating in the unlisted entity. There are additional investments which have been planned, and most of the investments should materialize in 2.5 to 3 years. So sometime by end of 2027 is when we expect all the capex to materialize and production to start.

Mukund Vasudevan: If I may just add, if I may just add. As Ashish said, any investment in the region, right, and it could be Ahmedabad, could even be in Southeast Asian country or could even be in China, if it makes sense, right, it makes us more cost competitive in the Indian market. So the idea is we will continue to invest where it makes sense, whether it is in the listed entity or in any of the factories of SKF AB.

And if it is competitive to sell in the Indian market, we will sell it, and that will help us grow. So growth and margins should see an impact from any investment in Ahmedabad. At the same time, we are continuing to invest in the listed entity in both -- primarily in Pune, both for capacity enhancement as well as localization.

Yash Goenka: Okay. If I could just squeeze in one last. What kind of asset turns you're expecting from the investments you'll be making in Auto and Industrial?

Mukund Vasudevan: Sorry, what is the question? Asset turns?

Yash Goenka: Yes.

Mukund Vasudevan: Is that -- sorry, is that return on assets or...

Yash Goenka: No. The top line.

Mukund Vasudevan: Okay. Ashish, maybe you can answer that?

Ashish Saraf: So again, offhand, I wouldn't have the number in terms of the asset turns. But what we -- in terms of return on the investments that as a company we look at is, at a minimum, the return on assets has to be -- or a payback has to be within a period of 5 years or less. Any investment as a company that we make, we target to get a return on our investments in 5 years or a lower period, both for Automotive as well as Industrial market.

Yash Goenka: Okay, thank you.

Moderator: Thank you. The next question comes from the line of Harshit Patel from Equirus Securities, please go ahead

Harshit Patel: Thank you so much for the opportunity. Sir, you had guided for 8% to 10% revenue CAGR in FY 28 for the Industrial business in your last demerger discussion. Is this because of muted market conditions or us not having the sufficient capacities as fresh capacities in Pune will only come on board after FY 28?

Mukund Vasudevan: Yes. So as you're seeing right now, I mean, if you take a 5-year CAGR on our Industrial business, year-on-year, we are growing almost 15% year-on-year CAGR over the last 5 years. So we -- while in the recent past, we have had a little bit more muted, in the Industrial business where we have had a little bit more muted growth primarily due to portfolio cleanup, meaning we have dropped customers or products which are not profitable, we are -- we expect that growth to come back, right, in -- and then we're being cautiously optimistic here when we say 8% to 10% long-term growth.

To your point, the main reason for that will be -- will -- one of the main reasons is more localized production both in the Ahmedabad plant and in the Pune plant. So that growth top line will make us more competitive and we'll get top line growth. And most of those are getting online in 27 and 28. That is one of the reasons.

The second is we are also working on the -- on new product innovations and creating fit-for-purpose products, both in terms of by segment in the Industrial but also in what will fit market conditions in India. So we're creating more engineered products, not just replicating products which are global, but creating more engineered products for India.

And then the last reason is that we have significantly expanded our commercial excellence efforts, which includes everything from our distributor network or our after-sales network, whether it is mechanics in Auto or it is retail stores or distributors in Industrial. It also includes how do we value sell better, how do we include services in addition to the product sales. All these together, we expect our business to reach that double-digit growth in Industrial at least.

Harshit Patel: Understood. Sir, in Automotive business as well, we have gained market share in both 2-wheelers and 3-wheelers as well as PVs over the last few years. Do you think we will continue to gain further market share or we will now broadly grow in line with the industry growth over here?

Mukund Vasudevan: Our aspiration is to grow above industry, continue to gain market share. And I believe with capacity expansion, one of our biggest bottlenecks in Automotive has been a lack of capacity. And what OEM customers look for is committed capacity in the long term. We expect that, that will -- we will expand capacity in, again, in the '27-'28 time frame, and that will help us expand more rapidly than our competitors and hence gain share.

Harshit Patel: Understood, Thank you very much for answering my questions and all the best.

Moderator: Thank you. The next question comes from the line of Krupashankar from Avendus Spark, please go ahead.

Krupashankar: Good morning and thank you for the opportunity. My first question would be on the growth, what you had highlighted during this quarter coming in from the Industrial business. And you had primarily highlighted that railways, wind and some of the sectors were driving this growth.

Can you expand a little bit more on it? Because you had highlighted in the earlier call -- one of the earlier calls that wind was not a market which we are focusing on. Has it come into flavor? And anything more on the Industrial piece, which gives us confidence on continued growth in this segment? Second is more of a bookkeeping question. I just wanted to get an understanding on what is the one-off cost due to demerger during this quarter?

Mukund Vasudevan: Yes. Sure. I'll let my CFO, Ashish, answer the second question, specifics on the demerger costs. I can answer the where is the industrial growth coming from? First, if I think there may be a misunderstanding that wind is not a focus. Wind has always been a focus, one of our top 5 priorities, and it will continue to be. What we have done in the past is we have sold all applications in wind. There are many, many applications in wind -- not many, 3 or 4 main applications in wind, which all of it were not profitable.

And so we just cut off unprofitable applications and focus on the applications where we thought -- where we believe we can be profitable and we can offer better value to the customer. And with that focused strategy, we have actually gained more share. Partly, it's a

focus, but partly also the fact that we have got a better manufacturing footprint, both in the region as well as in Ahmedabad for making these products. So we have gained share in wind, but specific applications. So it is a misunderstanding to say it is not a focus.

It is a focus. It will continue to be in India, but we will pick and choose the applications within wind that we want to play in. Other sectors which have grown well in Industrial are, as I mentioned, railways with some of the high-speed rail projects, we are continuing to do well there and metros. In the heavy industry, we are primarily seeing some expansion in metals, mainly in aftermarket, not new projects, but aftermarket. So growth has been there. We have also seen some expansion in general machinery, which is everything from pumps, drives, gearboxes, etcetera. We're seeing some expansion there. And overall, our distribution market has actually -- it's not as much as the 13% average growth we've seen, but it's continued its steady growth of around 8% to 10%.

Ashish Saraf:

So just to add to or respond to the question on demerger costs. So if you look at our current quarter, cost of demerger was around INR184 million. A significant chunk of that cost was on IT implementation, which is as we are going through a demerger between Automotive and Industrial businesses, a significant spend has been made in creating and deploying SAP as well as other softwares that we use within SKF.

Apart from that, ensuring that we have a separate data infrastructure in place both for the Automotive business as well as for the Industrial business. So that's where a significant amount of cost has been incurred on IT.

And similarly to support the whole demerger process, we had to engage with or take support of consultants in terms of ensuring that it is being done in a compliant manner. And that is where you see a significant amount of cost incurred on consulting. We expect this cost to continue until first half of next year sorry First half of next financial year is when we kind of expect this cost to continue.

Krupashankar:

Apologies. Just I couldn't hear the exact quantum of the cost because there's some disturbance on the line. Can you repeat just the quantum?

Ashish Saraf:

Yes. So the total cost was INR 184 million.

Krupashankar:

Okay, thank you. One last question if I may

Moderator:

Sorry sir

Krupashankar:

Sure, sure, I'll get back to you

Moderator:

Sure, thank you. The next question comes from the line of Gokul Maheshwari from Awriga Capital Advisors LLP.

Gokul Maheshwari:

Sir, in the past few annual reports, you've mentioned your -- more business which you're doing with particularly Indian OEMs like Mahindra, etcetera. Can you just give an update with

respect to what kind of business have you won, whether you've been getting business with the new models and your progress with respect to the share of business?

Mukund Vasudevan: So we are continuing to gain business with Mahindra, particularly in their SUV segment, and we supply what we call the hub units for them. In terms of market share, I'll have to come back to you specifically as to what is our market share with them. Ashish, if you have any insight into that, you can. But I would say it's still -- I would come back to you on the numbers.

The one other thing I will mention is Mahindra, we are also working with Mahindra Swaraj on the tractors, and we have been gaining business with them also on the tractors business. Anything, Ashish, you would add on share? I don't think we report this publicly, but I can come back to you with the numbers.

Ashish Saraf: Yes. I don't have the numbers, as of now you can come back.

Gokul Maheshwari: Great and secondly, just on the you mentioned

Moderator: Sorry to interrupt. May I request you to join the queue for a follow-up question, please? Thank you. The next question comes from the line of Mayank Bhandari from Asian Market Securities, please go ahead.

Mayank Bhandari: Sir, just checking, you have given earlier margin guidance of 16% to 19%. And now this demerger cost will be continued for at least next couple of quarters. So what kind of margin we should anticipate for this particular year?

Mukund Vasudevan: Ashish, if you could answer that? We are -- I mean, if you could answer that for the next -- I would say the demerger costs will continue for the next 1 year, right? So I would say, 4 quarters, and we're being cautious here because there, we expect that some of this will continue, not just IT but other costs related to the demerger.

And then beyond that also, we will have some additional capex. So the depreciation will -- the new factories in Pune come on, the depreciation will start hitting us also, right, while we are taking actions to offset this as much as possible, right? We are -- I would say, we are expecting slightly muted margin. 16% to 19% range is what we'll get to in the 2028 onwards time frame. So Ashish, if you can comment in more detail on this.

Ashish Saraf: Yes, sure, Mukund. So I think as Mukund said, this demerger cost is going to continue till H1 of next financial year, right? And this demerger cost is going to impact around 1.5% to 2% on the margins. So you could expect at least a couple of percentage adverse impact on the margins on account of the demerger cost.

Apart from that, there could be some additional cost which the industrial company might incur in first half of next financial year with respect to stamp duty and registration cost for the transfer of assets. That could also additionally impact the Industrial business margins in the first half of next financial year.

Mayank Bhandari: Okay okay, and just one question regarding the

- Moderator:** Sorry to interrupt. May I request you to join the queue for a follow-up question, please? Thank you. The next question comes from the line of Rahul Kumar from Nuvama, please go ahead.
- Rahul Kumar:** My question is on the export side. Could you say the share of Auto and Industrial in export?
- Mukund Vasudevan:** Yes. Ashish, if you could comment on that?
- Ashish Saraf:** Yes. So the overall exports that we have within SKF is around 8% of our total revenue. And a out of the 8%, almost 5%-5.5% is pertaining to Industrial and remaining 2.5%- 3% is pertaining to the Automotive.
- Moderator:** The next question comes from the line of Vipulkumar Anopchand Shah from Sumangal Investments, please go ahead.
- Vipulkumar Shah:** Would you comment on the service part of the business where we are looking after maintaining the plants? That business sort of started a few years back, but there is no comment in your presentation or on con calls for that.
- Mukund Vasudevan:** Fair point, right? I think we can -- maybe we can send you some information or in the next investor call, we can talk a little bit more about it. But I'll give you the highlights. There's 3 portions which we do in service. And overall, that business has been doing quite well, right? It's been growing in double digits quite consistently. The 3 portions of the business are, one, what we call condition monitoring, which is both products and services related to monitoring of bearing performance. So this measures vibration and this measures noise, this measures speeds, etcetera.
- And we have probably the best-in-class analytics software to say what is the reason -- what is - is this -- can we predict failure from the sound patterns and let a customer know that there is a likely failure had to happen, right, so that they can replace the bearing or lubricate the bearing or realign the bearing before there is an actual failure and then you have downtime in the plant. That is condition monitoring.
- The second one is what we call remanufacturing, where we do business with some heavy industries and railways to remanufacture bearings. What we do is we disassemble and finish -- refinish bearings, right, whether it's the components or overall so that we can reinstall it with a guarantee of the same level of performance, quality. And this kind of ensures that we have -- it's faster turnaround time, plus it's lower cost for the customer. So we do remanufacturing. We have 3 remanufacturing centers across India, one in Pune, one in Ahmedabad and one in Jamshedpur, where we do remanufacturing.
- And the last business is what we call reliability services, where we take on the entire asset of the customer and we help ensure its reliability or uptime. So the contract is structured in terms of reliability and uptime where we will either...
- Moderator:** Sir, sorry to interrupt, there is some audio break.

- Mukund Vasudevan:** Okay. All right. So I don't know until what point you heard, but 3 kinds of businesses we have under services. One is condition monitoring, one is remanufacturing of the bearing and the third is overall reliability of an asset for the customer. So, we take on entire plant or a portion of the plant and ensure uptime.
- And we do that by either replacing the bearing or maintaining the bearing, whatever is required, lubricating the bearing. We take care of everything for the customer in a kind of comprehensive contract. All of these are growing and they're growing well in high double digits so -- or high teens, sorry.
- Vipulkumar Shah:** What is the revenue contribution from service business?
- Moderator:** Sir, sorry to interrupt. May I request...
- Vipulkumar Shah:** This is just a follow-up question.
- Moderator:** Sir, you can come back in the queue for a follow-up question, please.
- Mukund Vasudevan:** I believe it's around -- Ashish, you can comment on this, but I think it's around 15% right now or maybe a bit less.
- Ashish Saraf:** It will be a bit less. Just one sec, I'll tell you.
- Mukund Vasudevan:** Our aspiration anyway is to grow that to around 20% of the business.
- Ashish Saraf:** Yes. So out of the total revenue of SKF, it's relatively small. It's around 3%. But look at it from industrial business perspective because most of the services are industrial
- Moderator:** Sir, sorry to interrupt, the audio is breaking.
- Mukund Vasudevan:** Ashish, we can't hear you.
- Mukund Vasudevan:** Just answer in terms of Industrial, how much it is, and then you can...
- Ashish Saraf:** Yes. In terms of Industrial, it's around 6%.
- Moderator:** The next question comes from the line of Shagun Beria from Anand Rathi.
- Shagun Beria** So I just wanted to ask, in the Q1 results, there's a forex loss of INR136 million. So which line item is it a part of? Next is that in the earlier July '25 Investor Meet PPT, there is an outlook that you have shared for 3 years on Auto and Industrial, where we see the growth in Auto is expected to grow at around 10% to 12% and -- which is more than the Industrial growth that you expect of around 8% to 10% in contrast to the trend that we are seeing currently where Industrial is growing double digit led by heavy machinery and railways.
- So I know that you have mentioned the drivers of the Industrial business, but I just want to understand the thought process as to why the Industrial growth is just a high single digit, which

is a bit lower than the Auto growth that you expect. Also, in the demerger numbers, how is the split of other income? And any indicated return ratios numbers for both segments?

Mukund Vasudevan: Okay. I'll let Ashish answer the question on forex and which line item it is in, right? I will answer the growth question. So the reason we had said for the next 3 years, Industrial will be a little more muted is we are trying to localize more in more manufacturing in Industrial. And we expect all that localization to come in line only in late '27, early '28. So that is the main reason we have projected muted growth in Industrial.

I think the last quarter should not be taken as a reference. The Industrial business also tends to be lumpy in terms of we win a few project orders and the next quarter, the same projects may not be there. Automotive tends to be a little more steady from that perspective. So don't take 1 quarter's trend as a prediction of the future.

Automotive this quarter was muted for various reasons, but we do expect that growth to ramp up quickly as we build up capacity, and we are expecting a few other new market share gains in the near future. Ashish, on forex?

Ashish Saraf: Yes. So the foreign exchange income or loss is basically part of other expenses, right? So there is a line in the P&L called other expenses, it's part of that.

Mukund Vasudevan: And then there was a follow-up question on other income.

Ashish Saraf: So other income that you see in the financial statements, these are manpower services, which SKF India is providing to other SKF companies. And that is the income that we have reported in other income or we continue to report in other income as a part of our financial statements.

Moderator: The next follow-up question comes from the line of Gokul Maheshwari from Awriga Capital Advisors LLP.

Gokul Maheshwari: Yes. Just my question was on that you mentioned that there are certain fit-for-India products, which you are planning on the Industrial side and Industrial business being as a wide spectrum. But if you could just highlight certain growth drivers within subsets of Industrial business, which you are going after for more from a 3 to 4 year perspective?

Mukund Vasudevan: Okay. So the Industrial business is roughly -- the way we look at it, at least the way we are structured is, it's roughly 50% aftermarket where we are selling to the end customer directly and that is through distribution, mostly. And the other 50% is to OEMs where we do -- we sell to manufacturers of equipment, which go into specific segments.

The aftermarket growth will continue across a wide variety of industries because this is an installed base of bearings where replacement is needed. So that growth is going to be driven by us, of course, locally manufacturing more, but also ensuring availability of that product near to the customer.

So with our distribution channel expansion, our last-mile presence of the bearings or availability of the bearings, we will see growth in that. And that is kind of more a commercial

excellence effort as we said. Whether in the project orders or what we sell to OEMs, the key segments, which we will continue to focus on are industries driven by infrastructure growth, and this could be cement, steel and other metals, mining.

In addition, we will also see -- we will also continue to focus on renewables, as we said, and wind and in rail as the rail network expands. Rail, we are also trying to penetrate. In addition to passenger and high speed, we are also trying to penetrate the freight market through more localized engineering. General machinery, which is pumps, drives, etcetera, will also be a focus.

Moderator:

Ladies and gentlemen, we'll take this as the last question for today as the duration of the call is completed. On behalf of SKF India Limited, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.