

Schaeffler India Limited · Pune · Maharashtra

**BSE Limited**

Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai-400001  
**Company Code: 505790**

**National Stock Exchange of India Limited**

Exchange Plaza, C – 1, Block G,  
Bandra-Kurla Complex, Bandra (E),  
Mumbai-400051  
**Company Code: SCHAEFFLER**

**Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Transcripts of Analyst/Investor Meet held on Monday, November 3, 2025.**

07/11/2025

Dear Sirs,

With reference to our letter dated November 3, 2025, please find enclosed the transcript of the Analyst/Investor meet held on Monday, November 3, 2025, for your information and records.

Phone: +912068198464

The same is available on the Company's website - [Earnings Conference Call | Schaeffler India](#)

Kindly take the same on your records.

Thanking you.

Yours faithfully,  
For **Schaeffler India Limited**

**Ashish Tiwari,**  
VP - Legal & Company Secretary  
Encl.: As above

Schaeffler India Limited

# SCHAEFFLER

## “Schaeffler India Limited Q3 CY25 EarningsConference Call”

**November 03, 2025**

**MANAGEMENT: MR. HARSHA KADAM – MANAGING DIRECTOR AND  
CHIEF EXECUTIVE OFFICER**

**MS. HARDEVI VAZIRANI – DIRECTOR FINANCE AND  
CHIEF FINANCIAL OFFICER**

**MS. GAURI KANIKAR – INVESTOR RELATIONS**

**Moderator:** Ladies and gentlemen, good day, and welcome to Schaeffler India Limited Q3 CY'25 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Gauri Kanikar from Schaeffler India Limited. Thank you, and over to you, Ms. Kanikar.

**Gauri Kanikar:** Thank you. Hello, everyone and welcome to Schaeffler India Limited's Earnings Conference Call for the third quarter and nine-months ended September 30th, 2025. We have with us from the management today our; Managing Director and Chief Executive Officer, Mr. Harsha Kadam; and our Director of Finance and Chief Financial Officer, Ms. Hardevi Vazirani. Like always, Mr. Kadam will first take us through a short presentation on the results, after which we will open the floor for questions.

Thank you, and over to you, Mr. Kadam.

**Harsha Kadam:** Hello. Good morning to all of you. Harsha Kadam here.

**Hardevi Vazirani:** Hello. Good morning. This is Hardevi Vazirani.

**Harsha Kadam:** So a warm welcome to this call today, and I would like to start by taking you through a brief presentation, which I'm sure you must have already kept it open. So let me move on to Slide number 2. Like always, I would like to start with sharing some of the very good and positive news from our side, and that is about receiving recognitions from our esteemed customers.

Now in the quarter, we had two such recognition . One obviously coming from the automotive industry, both of them. The first one is from our customer, Escorts Kubota, and this has been for the best quality products that we have supplied in the quarter for the entire period of last year.

The second award is from TAFE, the Tractors and Farm Equipment Limited, another esteemed customer, and this award was given for zero defect supplies of our products for the previous year. Now both these awards clearly reinforce Schaeffler India's commitment to ensure that we continue to deliver value to our customers by way of qualitative products. And this is something we stand committed, and we will continue to pursue on this journey.

With that, I will move on to the next slide, which is going to throw light on the economy and industry. I'll talk a little bit about the business highlights for Q3 as well as nine-months ending 2025. And lastly, I would touch upon the financial highlights for the third quarter and nine-month 2025.

Let me start with the economy and the industry. So, what you see on the slide has been India's economic performance, clearly, the GDP, which had a very strong growth in the first and the

second quarter, as you can see on the slide. The Q3 estimates, the firm numbers are yet to come in and the estimates stand at about 6.4%.

Now this growth, what you see is coming on the back of a stable growth from the automotive industry, the automotive production numbers. The index of industrial production did pretty well. What definitely bode well for the economic growth was also the lower inflation rate in the third quarter, which stood at 1.7%.

Talking about the automotive production, if one were to look at the numbers, which I will come to in the next slide, but just to give you a snapshot, the passenger vehicles obviously did show a decline in terms of sales for the quarter at about 1% to 1.5%. However, in terms of production numbers, it was still stable enough. And even the commercial vehicles as such did struggle to grow, marginal growth was posted.

However, what was important to look at was the inflation and the key driver being there that the Reserve Bank of India was able to ensure that the inflationary trend was on the -southward direction, which is clear here in the chart. That said, this was clearly projected to drive the consumer economy in the country.

One of the highlights of the third quarter was the announcement of the GST reforms. While it did come out, the reforms clarity was given out in the month of September. I guess that the reaction time was not yet there. We hopefully see that in the current quarter are going to see some more better traction in terms of the reforms creating better traction in the automotive industry.

That is something that we believe should start to become visible. With that, clearly, as we can see pretty decent growth in the economic front, although specific areas of industrial did have some ups and downs. While the infrastructure industry did well, cement industry did well, we did have some struggle in terms of some of the segments, which I'll come to in a while.

I move to Slide number 5, and I would like to talk about the core sectoral performance in the industrial space. Let me start with the cement production. As you can see, the cement production this year, each of the months in this entire year, the production numbers have been better, obviously, with a weightage of 5.4%, you can see that the cement sector has grown over the same period last year by 9.6%, pretty good growth, clearly on the back of the infrastructure push from the Government of India.

You see a similar resonance on the growth when you look at the steel production as well, the same trend there, similar numbers coming in at 9.7% growth and steel adding to 18% weightage to the core sectoral growth. Energy, on the other hand, electricity generation, as you can see, did well. However, still not a status, which clearly points that manufacturing sector needs to pick up.

There is a clear focus on renewable energy, which is growing at a faster pace- the coal production, which is just about 0.7%. So all in all, the industrial sector, overall, if you look at the IIP growing at about 4% has been pretty stable growth as always. I move to the next slide, Slide number 6, talk a little bit about the automotive sector performance.

And this is where it gets interesting, as you can see. Month-on-month, the 2-wheelers, except for 1 month in the month of April this year, I think most of the months have exceeded the preceding month of last year. So it has been a very good performance in terms of the 2-wheeler, in terms of vehicle growth, and it is projected that the 2-wheeler production in the country, both the ICE as well as the electrics would somewhere stand at about 20 million vehicles.

Talk about passenger vehicles, we see a similar trend, although we did have some ups and downs in the second quarter of the year and then a slight pickup in September. We have seen a strong pickup in terms of the passenger vehicles. in production numbers. As you can see, clearly, a 4% production, although the sales were down.

I did say that the sale was down overall, fundamentally on the back of the GST reforms coming in late, which created a bit of uncertainty in the market in the consumer minds. So hence, there was a delay we expect that, that should be done with. And in this quarter, in the month of November and December, we believe there would be some strong uptick in terms of passenger vehicle demand in the country.

Coming to the commercial vehicles, you do see, again, a good performance in terms of month-on-month as well as the month on the same period last year, clearly growing at about 6%. Tractors has begun to see a stronger traction this year coming on the back of better monsoons, although it was a bit delayed and a long protracted monsoons. But nevertheless, we anticipate that the tractor performance in the coming months too would be at a much stronger pace.

I move to the next slide, which is going to talk about the business highlights. I am on Slide number 8 and the performance for the quarter. So, on this economic and the sectoral growth, how did we, at Schaeffler India Limited, perform? We have been able to post reasonably good results by bringing in INR2,360 crores into the revenue, which is a clear 13.9% better than the same period last year and a 3.4% better than the preceding quarter of this year.

This also resulted into a strong bottom line performance we saw for the first time, our EBITDA margins, we were able to breach the 20% barrier and which definitely, as you can see, is much better than the 19.7% of the preceding quarter. Now that said, this clearly came on the back of our localization effort.

And I'm happy to say that our localization content has increased to a percentage of 79% in the quarter, which is clearly a true indicator that we are leveraging the investments that we have been making in India for India's growth and clearly aligning with the national agenda of Atmanirbhar Bharat.

Now that said, this has resulted in a reasonably strong free cash flow as well. As you can see, we were able to bring in INR 223 crores into the system and also resulting in a pretty good profit after tax of 13%, bringing in INR 307 crores into the system. So all in all, I'm happy with the performance of the organization in the quarter. And certainly, there are still some opportunities that we believe can be addressed.

I go on to Slide number 9, and the new business wins has always been one of our key focus areas, and this is something that has kept us ahead of the curve. And to start with in the

automotive technology space, as you can see, a number of new businesses in the clutch application, the dampers and clutches for the light vehicles, passenger vehicles and the commercial vehicles as well.

We also had a new business win in the product of hydraulic tensioners in the passenger vehicle segment. And we are still focusing on new business wins, which are in the pipeline for heavy-duty clutches for the commercial vehicle application. All in all, our performance in the automotive space has been pretty good. I must say, happy to see that we have gained some traction in terms of recovering and winning new businesses and recovering some market share as well.

I move on to the Vehicle Lifetime Solutions, which is our aftermarket part of our automotive business. And here, again, while we continue to launch new products, which are the white space products as we call it, we also tried out a new business model, and we wanted to test it. So for the first time, we have launched a lubrication dispensing center, kind of a vending machine. We have started off by installing this in our own plant for our own employees.

And so anybody needs a lubricant, they just drive up to it, and there's a QR code, you just pay it online and then pick up the lubricant for the vehicle and move on. This is a test sample that we have started up. And we have seen a pretty good response to the use of this. What we are doing is also monitoring and tracking the performance of this.

And hopefully, soon, we would be able to bring this out into the open market as well. I move on to Bearings and Industrial Solutions. And the Bearings and Industrial Solutions in the third quarter did record quite significant new business wins and both for the own manufactured product and for the traded products. We did also win a slewing ring business in the off-road segment, although we do not manufacture the slewing rings.

This is something that is manufactured in one of our sister plants in Europe. And we have secured this for the first time in India. Apart from this, of course, we do have several business wins for cylindrical roller bearings, taper roller bearings for angular contact, for the roller as well as the ball screws, which go into the condition monitoring systems of our industrial lifetime solutions product.

So all in all, our focus on localizing as well as securing new business wins remains high, and this is something that ensures that we try and deliver a quarter-on-quarter performance as well as we move forward. I now move to Slide number 10 and just to throw light on one of the new products that we have launched. We have launched large-size spherical roller bearings along with its cast steel housing and accessories that go with it.

And the accessories include the seals as well as the lubrication system, what you see on top of the housing. And I am happy to say that this was a product line that was not in our portfolio, which we have now brought it to the market. And this is coming out of our Savli plant in Gujarat, clearly targeted to the steel, cement, mining, power plants, pulp and paper industry.

So obviously, it goes without saying that under the product brand name of FAG, this conforms clearly to the X-life standards, which is one of the best performing standards within our

Schaeffler organization. And this clearly is a direction that we have set out to create, generate and enhance the value that we add to our esteemed customers out there.

With that, I would move to the financial highlights. Moving to Slide number 12. I did already talk about the total revenue coming into the quarter, INR 2,360 crores, which was a clear 3.4% better than the preceding quarter and a 13.9% better than the same quarter last year. If one needs to understand where did the growth come from, I draw your attention to the revenue bridge.

What you see there is the maximum contribution in terms of the growth has come from the automotive industry and the export business. Marginal growth came in from our Vehicle Lifetime Solutions. We saw some lower numbers coming in from the Bearings and Industrial Solutions, particularly pointed to one or two sectors.

Clearly, looking at the situation there, if one were to look at the table on the right-hand upper corner, and if one were to look at the nine-month period ending 2025, the Automotive Technologies compared to nine-months of last year has grown at 18.7%. The Vehicle Lifetime Solutions is growing at 10.6%. Bearings and Industrial Solutions growing at 4.1%.

And our Intercompany and Exports grew at 27.5%. Although I must point out that our export business was down in the quarter, when compared to the preceding quarter was down 4.5% and so was the Vehicle Lifetime Solutions, which was down 8.1% over the preceding quarter. Overall, a reasonably good performance, I must say. And our domestic business overall grew at about 5%. Surely, there is enough opportunity here still for us to pursue, and we are focusing on growing our domestic business much better than what we have done now.

That said, small light on how our business distribution is. As you can see, the Bearings and Industrial Solutions part of our business is the largest at 38%. And our Automotive Technology, which includes both the ICE technology and the electric vehicle technology stands at about 35%. Our Exports continues to hover at about 15% and our Vehicle Life Science Solutions remains at about 12% of the total revenue mix.

I move to Slide number 13, and I did already talk about crossing the milestone of 20% on our EBITDA margin and which we were able to bring in INR 476 crores in the quarter, and that's a clear 6.1% growth over the preceding quarter and 24% better performance than the same period last year. If one were to look at where did this EBITDA come from, while the gross margin improvement contributed INR 148 crores, and we did have some employee costs, which was planned already and some of the other expenses that we did incur in the quarter.

Overall, much stronger performance when it comes to the EBITDA. This resulted into a strong profit after tax of INR 306.7 crores coming into the system, the 3.5% better performance than the preceding quarter and 24% better than the same quarter last year. All in all, a reasonably good financial performance, I must say.

But let me throw some light on the other parameters. Working capital to start with, I am on Slide number 14. As you can see, our working capital crept up a bit. It's hovering at about 19%, although it is lower compared to the same period last year, which was at 19.8%; however, this

is coming on the back of the anticipated demand due to the new GST reforms that have been now put into place. We anticipate the demand to go up.

Hence, we have started to build some inventories to better service our customer needs, and that is the impact that you see on the working capital coming in. Capex is well on track. We continue to keep our promise in terms of continue to increase our localization content as well as invest more into India for India., and that continues.

Our nine month period a percentage to sales, stands at about 4%. The previous quarter stood at 4.2%, and we are at 4%. However, we believe the next quarter, we should be able to continue the investment trend in line with exactly our strategy.

Talking about free cash flow. And here again, we have been able to bring in INR 223 crores of free cash into the system, which is clearly a better performance when compared to the last year same quarter. And I must say we are on a strong footing in terms of cash generation into the company to fund our businesses.

I move to Slide number 15 to give you another snapshot and overall bird's eye view of the nine-month period as well as the third quarter 2025. I already touched upon the third quarter 2025. However, I would like to draw your attention to the 9 months 2025. As you can see, the revenue growth stands at 12.7%, right, which is definitely better than the last year. And our EBITDA margin stands at 19.7%, resulting in an EBIT of 16.2% and a profit after tax margin of 12.9%.

I already talked about the nine-month period free cash flow, which is at INR 747 crores coming into the system. All in all, at the capex, we have invested already close to INR 267 crores for the nine-month period in this year. When compared to the previous year, it looks less. As we have been mentioning in our previous investor call meetings, our focus is now on to leverage and sweat the assets that we have already invested in.

I move to Slide number 16 to throw a snapshot on the overall Schaeffler India Limited stand-alone results as well as the KRSV Innovative or the Koovers business and then talk about the consolidated result as well. So, while Schaeffler India Limited stand-alone was INR 2,360 crores, KRSV Innovative Auto Solutions, which is our e-commerce platform, brought in INR 74.8 crores in the quarter.

So that leading to a consolidated result of INR 2,434.6 crores for the quarter. EBITDA, I did already talk about as Schaeffler India Limited at 20.2% in the quarter. KRSV, we still have to break even on the profitability front. It's at a negative 14.7% EBITDA and minus 16.7% EBIT. So we still have some months to go before we break even on the KRSV performance as such. We have a clear plan as to what needs to be done to reverse this trend and the actions are well underway as I speak.

And we very soon hope to see a positive performance coming out from KRSV as well, which would definitely continue to further add value to all our stakeholders. That said, I move to my last slide, Slide number 17. So, our promise, commitment and drive to grow our business by double digit continues. We stay on track. And operating margin definitely was better due to the volume as well as the fixed cost absorption.



The proof of that is our localization rate going up better than the preceding quarter to 79% and a continued improvement in the financial management with all the measures that we have put in place. And as we move to the last quarter of the year, calendar year, and we believe with the GST reforms coming in, there is optimism at the end of the tunnel, so to say. We believe we will continue to see some stronger traction in the automotive industry, which is going to help us to deliver overall better results even in this quarter. On that note, I hand this over to you, Gauri.

**Gauri Kanikar:**

Thank you. We can now begin the question-and-answer session please.

**Moderator:**

Thank you. We will now begin the question and answer session. The first question comes from the line of Nitin Arora with Axis Mutual Fund.

**Nitin Arora:**

Many congratulations on, again, double-digit growth. Sir, just on the automotive, you talked about GST impact for the passenger vehicle going forward. Just want to get a sense that any of your OEMs are asking you to increase the production capacity given so much what OEMs are talking about so much demand coming back.

Can you throw some light that are they asking you to up your production schedule more than what they normally do before the GST cut? If you can throw some light on that, on the articulation just to get a sense, how much is it sustainable on the production side? And second, sir, your margins have been very steady over the last so many quarters, and there has been an improvement in the last 3, 4 years.

And I just need one comment because you commissioned a lot of plants as well in the last 2 years. And given tariff uncertainty, you still delivered on exports as well as domestic side. Do you see any scope here where cost absorption is more and once you keep growing at double digit, there are levers for taking these margins ahead? Those are my two questions?

**Harsha Kadam:**

Thank you, Nitin. Let me take the first question. Well, we've been talking to a number of our OEM customers and what we hear and see is they are bullish about the demand that's going to come up in the coming months as such. Obviously, the GST reforms is one of the triggers or the catalysts for this to happen. And this is being watched by a lot of automotive customers that I have personally met and talked to.

However, we did not see the traction coming in because, as you know, the GST reforms came in only in the month of September, which gave very little time for the customers to switch. So you did not see the same impact from a vehicle sales point of view. But from a product point of view, definitely, we foresee that there's going to be a stronger traction, and this is already worked by our OEM customers.

Coming to the second question on the profitability sustenance. Well, your wish is mine as well that we can continue to grow better every quarter. Yes, we have done the right things by investing and bringing in capacities into India, and our focus is on leveraging those investments, sweating the machines that we have put in place so that we try and now start to generate the value that these equipments are supposed to generate.

So that's going to remain our high focus area. While we do that, we will continue to keep the focus on growing both our domestic business, which is the most critical part of the business. As you know, close to 85% is our domestic business. That remains a high focus area for growth. Hence, the slide that I showed to you about the new business wins, all the new business wins that I showed to you are on the domestic side of the business in India.

But however, we would not want to lose any opportunity that comes our way to continue to meet our export customers who are out there as well. So clearly, we're going to focus on all areas of growth wherever the opportunity is presenting. And we hope that we can continue to deliver better profitability results than what we have been doing. That's clearly our intent as well.

**Hardevi Vazirani:**

And just to address your question on intercompany double-digit growth, we have to be mindful of the fact that this double-digit growth that we see this year is on the base of last year being low. We had built the capacity already in past year. And last year, due to geopolitical situation, we had seen the order book to be low for Intercompany Exports, which has come back this year.

But every single year, double-digit growth can happen only if Europe and Americas are also growing double digit. So we are always cautious when it comes to intercompany projections into the future years. This year was good because of the base being low. But having said that, if this level of growth continues, then yes, fixed cost absorption is better because capacities are in place to cater the local demand as well as the export demand. Did we answer your question?

**Nitin Arora:**

Yes. Actually, the question was more is once that growth comes back because, obviously, as you said, the U.S. and other demand has to come back. But generally, there's a lot of cost also you have incurred, right? You said the capacity utilization is still less. So the question was more on the direction that once the growth again keeps picking up, your margins ideally should start going up. But I got the direction what management is trying to say. So thank you very much.

**Moderator:**

Thank you. Next question comes from the line of Mukesh Saraf with Avendus Spark.

**Mukesh Saraf:**

Congratulations on a great performance. Just looking at your segmental performance, the Bearings and Industrial Solutions segment from a growth in first quarter came down to a low single-digit growth in second quarter and now a decline in the third quarter. So just trying to understand, should we read something structural here with respect to, say, weakness in the private sector capex or is it just one or two sectors? I think you did allude to a couple of sectors probably not doing too well. So is it like just one or two sectors pulling the whole thing down? Could you give some more sense on this?

**Harsha Kadam:**

So, it was on the B&IS, right? Which sectors did well and all.

**Mukesh Saraf:**

Yes. So I mean, I'm just seeing a trend over three quarters. First quarter, the growth was a good strong double digit. Second quarter came down to a low single-digit growth. And then now third quarter, it's a decline Y-o-Y. So I mean, just trying to get your sense on this?

**Harsha Kadam:**

Some of the sectors within the industrial business operates is we have project-based business. So you would have the customers executing or even seeking the products in that quarter for a

project that gets executed the next succeeding quarter. So there is always a timing difference when it comes to project-based businesses.

So those sectors, wherever we have the project-based businesses would continue to see the up and down, the seesaw effect would come in definitely. And we have seen that happen as well. Take, for example, even the renewable energy sector, which is the wind energy, we have seen the same thing happen. So it is not like overall, the market has come down, but it is just that it's a timing issue when it comes to execution by our own customers.

That's how I would put it. There are a few sectors where definitely we want to see traction happening, railways for one, again, it's tender-based. So as the tender comes out, it would come up. More tenders would get released in a certain quarter, but not the same in the preceding quarter.

So this is one of the reasons why we see the ups and downs happening within the month as well compared to the preceding month. So we do definitely see this trend in the industrial business, which is very unlike the automotive business, which is kind of pretty set, very well with schedules.

**Mukesh Saraf:** Right. But there is no concern that you have on general private sector capex in the country because of which this segment for you might kind of remain weak for some time?

**Harsha Kadam:** Not at all. If you see the industrial growth in the country, it's averaging about 4.5%, and it continues to do so every year. So the pace has remained the same. It's just that, I guess, it's more to do with the timing.

**Mukesh Saraf:** Timing. Got it. Got it. And second question is on capex. Now that we are coming close to the end of this calendar, if you have some sense on how our capex next year is going to look like because obviously, the parent had commented that India will do probably EUR 500 million of capex over a 5-year period. So that's a very big number in terms of annualized capex. So any sense on how the capex next year would be? And probably if you could call out a couple of key focus areas for this capex?

**Hardevi Vazirani:** So, the capex activity, as we see this year, we were focusing on capital efficiency because we did significant amount of investments in the last 3 years. But in coming years, not immediate next year, that means in 2026, we will be doing better than current year. However, the pickup will come from 2027 onwards.

**Mukesh Saraf:** Okay. Understood. And just lastly, your auto sector, I mean, you also had called out the automotive technology sector growth is very strong, 28%. If you could give how much of EVs is there in this? Because I think this would be the first full quarter of the e-axle revenues that you had. If you could give because globally, I think you do give a separate number for the EV revenues. Just trying to check if you're going to give that here for the India business?

**Hardevi Vazirani:** So I'm sorry. I mean, EV being a single customer, we are still not disclosing the numbers separately as agreed with the customer.

- Moderator:** Next question comes from the line of Abhishek Ghosh with DSP.
- Abhishek Ghosh:** Just continuing on exports, ma'am, is the growth only because of base or is it also because of some bunching up of orders that has happened? And how should one look at growth for CY '26 because base would have caught up. We also have the tariffs getting levied. So in that light, just your thoughts there?
- Hardevi Vazirani:** Intercompany Exports, mainly it is due to the low base because the economies outside India have not grown significantly. It is only 3% to 4% growth. So mainly it is due to the low base. And if we talk about the tariff situation in Americas, it is still not impacting us because we still see the solid order book from USA.
- Harsha Kadam:** I think if I may add here. So our exports to U.S. is not a very big business for us. But interestingly, what we have seen is that the order books are still strong. I think the reason for that is because the tariff gets implemented at the point of sale, not here. So, for us we have not seen any slight or any reduction in the order books for the exports to the U.S. market. Although even though it's not very big, we just do about INR 100 crores in the full year to U.S. That's about it.
- Abhishek Ghosh:** Okay. Sir, the other question is you've spoken about a lot of new wins in a couple of segments. So just wanted to get your understanding around is Vitesco playing a part there? And how has been the integration of Vitesco in new order wins? Does that improve your overall margin profile because you classify as maybe a higher tier vendor there? Just your thoughts on that, sir?
- Harsha Kadam:** So while we continue to get the new business wins and whatever new business wins I showed on the slides, they are purely coming from the Schaeffler India Limited entity. However, the Vitesco portfolio as well, we are pursuing and now that we have one big team, we are definitely doing the same approach there, and we are winning new businesses there. However, we are not reporting it under the Schaeffler India Limited because that is still as a stand-alone different company.
- Moderator:** Next question comes from the line of Mahesh Bendre with LIC Mutual Funds.
- Mahesh Bendre:** Sir, my questions have been answered.
- Moderator:** Next question comes from the line of Raghunandhan N.L. with Nuvama Research.
- Raghunandhan N. L.:** Congratulations on strong results and recognitions from customers. My first question was on e-axle. Earlier, you had indicated that the lifetime order book is EUR 300 million. Generally, what is the duration when you say lifetime? And also, is there a ramp-up phase or will the revenue be evenly spread over the lifetime?
- Harsha Kadam:** Okay. Yes, the number that you mentioned is exactly what we have. And to come to the second part of your question, is this evenly spaced out? No, it is not. Fundamentally because it all depends on the customers' ramp-up plans. So we align our supply plans in line with the customers' ramp-up plans, okay? Beyond that, I will not be able to disclose any numbers because we still have an NDA, which is very active with our customer.

- Raghunandhan N. L.:** Got it, sir. And last quarter, localization was at 78% to 79% in Q2. How is it expected to trend in Q3 and beyond? And especially with the product portfolio expansion, which you have indicated in the BIS space?
- Hardevi Vazirani:** For Q3, also it is at 79% and the target is to move towards a direction of 80%, whether it will happen in Q4 already or in next year, that is to be seen. But currently, we are at 79%.
- Raghunandhan N. L.:** Would the GST reduction help in gaining market share further in the replacement market, especially from the unorganized space? And what would be the share of unorganized in market currently?
- Harsha Kadam:** GST reduction, obviously, is going to benefit our customers fundamentally because the price of their vehicles on the market, they have the potential to revise it downwards and, hence, create more traction for growth. Will it help us to gain more market share? Well, that is something I cannot say at this point in time. However, volume growth definitely would be one of the outcomes as our customers' production volumes go up.
- Moderator:** Next question comes from the line of Harshit Patel with Equirus Securities.
- Harshit Patel:** Sir my first question is a few quarters ago, the parent has stated that they would be shifting a clutch manufacturing line from a U.K.-based plant to our Hosur plant. Has this shifting completed? And if yes, then whether it contributes to our domestic revenues or the export revenues?
- Hardevi Vazirani:** So, the relocations that are taking place from Sheffield U.K. are progressing as we speak. And very likely, we will see the outcome of that in the form of revenue and intercompany towards the end of this year and early next year. So currently, the installations are in process.
- Harshit Patel:** Understood. But we will also export these classes, right? This is not only for the domestic sales?
- Hardevi Vazirani:** 80% of it will be domestic. Rest of it will be for export. It was due to our capacity constraints that we have shifted this line.
- Harshit Patel:** Understood, ma'am. Secondly, could you give us a sense on the localization of bearings portfolio in India? While as you mentioned, overall localization levels were around 79% for the third quarter, and we aim to go more than 80% going ahead. So within that, how does the localization vary between our automotive portfolio and the bearings portfolio? So if you can give some sense on that, that will be helpful?
- Hardevi Vazirani:** So automotive, as Harsha has been mentioning that automotive is always higher localization because the auto OEs prefer the suppliers to be closer to their plants. So of course, in our case, also, automotive localization is in the range of 85% to 90%. And industrial because of several projects and sometimes the volumes not being so high, it is almost 40% is imports. So on bearings and all, 40% is imports.
- Moderator:** Next question comes from the line of Himanshu Singh with Bank of Baroda BNP Paribas Mutual Fund.

- Himanshu Singh:** Sir, just an observation that the traded goods has been increasing from the last two quarters from 16.6% to 19.8%. And despite that, we have seen our margins improving. So like what has led to that and like both on the trading goods and the margins and how sustainable it is? Because our bearing business is kind of sluggish compared to the other businesses, while as bearing has a high margin. So what is improving the margins and why the traded goods are increasing?
- Hardevi Vazirani:** There seems to be some misunderstanding because traded goods, our localization has increased compared to last year by 3% points. So traded goods actually is reducing. That means the sale of traded goods is reducing. If you can tell me specifically which slide you are referring?
- Himanshu Singh:** From first quarter to third quarter. So first quarter this year, it was around 16.6%. Now it is around 19.8% is what I can calculate.
- Hardevi Vazirani:** Just give me a minute. What I will do is because the numbers that you are mentioning are not fitting to the localization that we announced, I will ask Investor Relations to get back to you.
- Himanshu Singh:** Okay. Sure. And on the margin side? So we are seeing the industrial business kind of growing at a very low rate or even declining, but the margins are improving. So what is leading to that?
- Hardevi Vazirani:** Because if I consider YTD vis-a-vis last year, we have grown by 12.7%. And the overall volume growth is significantly high, which is leading actually to fixed cost absorption in the plants like personnel cost, depreciation, energy costs, etc. So it is better absorption of fixed costs.
- And in addition to that, if we look at the growth that is happening in intercompany is also leading to the better capacity utilization of the lines, which were unutilized or underutilized last year. It is on account of intercompany as well as overall double-digit growth in domestic market.
- Moderator:** Next question comes from the line of Rishi Vora with Kotak Securities.
- Rishi Vora:** My first question is just a clarification. On the replacement segment, the GST rate on bearings was always at 18%, right? So over there, there is no change?
- Hardevi Vazirani:** That's right.
- Harsha Kadam:** That's right.
- Rishi Vora:** Understood. And just secondly, on the e-axle side, can you give us some indication on where is the localization today, which of the components we have already localized and any part towards achieving higher localization? We'll be looking at the volumes, but any other factor at play, which you'll be considering in improving the localization of that segment?
- Harsha Kadam:** We are localizing it exactly in line with what we have agreed with our customers. And unfortunately, we will not be able to share those details because we are bound by the NDA from our customer on the localization as well. Yes. But definitely, we are on track, and we have started to localize. We'll continue to make those investments appropriately, we are doing.
- Rishi Vora:** Understood. But any color you can give at component level, not by value, but component which we have localized and which we have not?

- Harsha Kadam:** I'm afraid I cannot do that now.
- Moderator:** Mr. Vora, are you done with your question?
- Rishi Vora:** Just one more question. On the Industrial segment, can you just give us some color on which segments did well during this quarter and which did not -- which witnessed a decline? Any broader color would be helpful?
- Hardevi Vazirani:** Other than the timing difference in wind energy, all have done a positive.
- Harsha Kadam:** Yes. The wind, Industrial Automation did very strong. 2-wheelers did very well. Off-road did very well. Railways, too. So even Distribution did pretty good. Except the wind, which had the timing issue, as I said, and a few project-based businesses.
- Moderator:** Next question comes from the line of Balasubramanian with Arihant Capital.
- Balasubramanian:** Sir, on the KRSV side, it's been reported usually negatively margin, nearly 14.7%. What is the specific time bound plan to achieve breakeven? Is that current gross margin the primary issue or that SGA costs are too high for the scale? And what are the initiatives you have taken to achieve breakeven? These are my first questions?
- Hardevi Vazirani:** So far as this e-commerce platform, Koovers that we acquired in 2023 Q4 is concerned, it is a start-up. And the focus currently is on expansion of its dark stores and hubs. And thereby, we see this year, we are actually in line with the plan for the top line. So far as the bottom line is concerned, the cost absorption is still because of the expansion, after expansion.
- And like any other start-up business, the breakeven is expected in fourth or fifth year of acquisition. So we don't expect any time soon that the breakeven will happen. It will happen likely in 2027. Until then, we are only trying to improve the operational efficiency and thereby reduce the operating losses.
- Balasubramanian:** On the Bearings and Industrial Solutions side, I need more clarity because the revenue was flat in Q3 despite significant wins in cement and raw material side. What is the core issue here? Is this competitive issue, intensity or slower project rollouts or portfolio mix issues are there? And what is the strategy to reignite growth in this historically stable segment?
- Hardevi Vazirani:** Harsha earlier also mentioned that some sectors of B&IS are project-based, some are tender-based. So there are always timing differences. The market, the industrial market has grown by 4% to 5%, and our YTD growth is also in line with that at 5%. So we don't expect any degrowth or any structural issue here. It is only depending on when the railway tenders are issued or when the wind energy projects are realized and so on. Harsha, you'd like to add something?
- Harsha Kadam:** So you put a question on our strategy to grow in the industrial sectors. And one of the strategies which Hardevi already talked about is our capacity investments that we have been doing consistently. As you may be aware, our traded business was pretty high in the industrial space.
- And we were importing a lot of bearings from other sister factories in Europe to cater to our customer needs in India. And our localization drive, which we have been pushing hard since the

last 6 years is definitely yielding the results, wherein we are becoming more and more competitive for these products in the Indian market, which clearly is in the industrial sector portfolio.

So that is one of the key driving strategies for growth in the industrial space for us. Of course, there are others where we have also brought in our lifetime solutions, which are our digital technology tools, which again, complement the bearing as a product that we supply. So we have a clear strategy.

One is to raise the digital content with our offering, expand capacities and produce locally, which is our localization. Also launch new products, which is not being produced in India, we have started to produce for the first time in India as well. So we continue to do all the three and keep the focus on growing our market share in each of the sectors with the key customers in those sectors.

**Moderator:** Next question comes from the line of Mayank Bhandari with Asian Market Securities.

**Mayank Bhandari:** Congratulations for a great set of numbers. My first question is on this new product that you have highlighted in the presentation. So this is a new line in Savli that you have put up. And if you can highlight what is the utilization currently of the new facility that you had put up in Savli plant? Or maybe if you can also highlight the total utilization of the plant?

**Harsha Kadam:** First, correction I would like to make here is it's not a new line that we have put up. The machines are already there. They have to be tooled up to produce new products, and that's what we do. Of course, the tooling up would also call for some small investments that we do it. So the point here is to also homologate and validate the product to be produced in India by our customers, and that kind of continues. So in terms, we have not put up a totally new line here. It's already there, and we are leveraging the capacity there to produce new products as we go forward.

**Mayank Bhandari:** So what would be the utilization here of the Savli new facility that you have put up?

**Harsha Kadam:** Sorry, come again?

**Mayank Bhandari:** What would be the capacity utilization there?

**Harsha Kadam:** No, I didn't get you, please.

**Mayank Bhandari:** I'm asking about the capacity utilization of the Savli plant or the new facility that you had put up in Savli?

**Harsha Kadam:** Yes. In fact, today, one of the highest capacity utilization is from our Savli plant. And I'm happy to say that amongst all the plants that's the best loaded plant today, somewhere in the range of 90%, we are already there.

**Mayank Bhandari:** Okay. 90%?

**Harsha Kadam:** That's right.



- Mayank Bhandari:** Okay. My second question is on the industrial part again. Just checking, you mentioned a couple of things on wind and railways. So is it like the government spending-related or payment-related issues you are facing because you already highlighted private capex-related things are sorted?
- Harsha Kadam:** I didn't get your question precisely, please.
- Mayank Bhandari:** So, if you could highlight, is there payment-related issues from the wind and railways?
- Hardevi Vazirani:** No, no. There are absolutely no payment-related issues from these sectors. Absolutely, no.
- Harsha Kadam:** You have seen our cash flow has been strong. So I don't think we have an issue there.
- Mayank Bhandari:** And in the industrial aftermarket, how we are doing? I mean, because I think we have done pretty well in the last 4, 5 years. Are we continue to do well there as well?
- Harsha Kadam:** Yes, we have grown in this quarter as well. We have grown in our distribution part of the business, yes.
- Mayank Bhandari:** Maybe you could give nine-month growth of the individual segment-wise, railways, wind, other sectors in the industrial, that would be helpful?
- Hardevi Vazirani:** So, all in all, it is in the range of, 4% B&IS for nine months. And it is mainly catered by 2-wheelers, off-road, rail, wind, etc. So it is catered by all of them.
- Moderator:** Next question comes from the line of Sachin Maniar with 3P Investment Managers.
- Sachin Maniar:** Just one question. On the new product launch of large-sized SRB, what will be the market size for the same? And is it complete import institution or even if some competition has this locally produced component or it is completely import substitution product for India?
- Harsha Kadam:** Well, as I already said, this is manufactured in our Savli plant here in India. So it's completely localized.
- Sachin Maniar:** And what would be the market size for this product currently?
- Harsha Kadam:** I'm afraid I can't reveal that right now because we have just launched the product. We have a clear plan to make sure that we increase the sales. I'm sure we'll give you an update in the succeeding investor calls as this business develops.
- Sachin Maniar:** And do any competition have this product in India or it's completely imported in India?
- Harsha Kadam:** Yes. Of course, I'm sure there is competition. That's why we also started to make it locally here.
- Moderator:** Next question comes from the line of Yash Goenka with Awriga Capital Advisors, LLP.
- Yash Goenka:** My question has been answered.
- Moderator:** Next question comes from the line of Bharat Sheth with Quest Investment Advisors Private Limited.

- Bharat Sheth:** Congratulations Sir, 3, 4 years back, we imported a lot of plant and transferred the manufacturing from our parent company to India for intercompany transfer. So that is right, started playing out very well. So how -- is there further, I mean, room to bring those again back to India?
- Harsha Kadam:** Is your question, are we going to bring more such production lines to India? Is that your question, Mr. Bharat?
- Bharat Sheth:** Yes, correct. That's true, sir.
- Harsha Kadam:** Well, the need arises, two things happen. One, if those products are not going to be produced in Europe. If you look at the automotive market in Europe, the technology there is moving from ICE to electric. So obviously, the machines for the ICE production would remain idle. And here in India, we still continue to grow at 3% to 4% on the ICE.
- So it is better to ship those lines rather than going for a fresh investment. I'm sure that every organization would do the same, and we are no exception to that either, yes. So as the need arises, we will certainly evaluate the availability of such equipment in the -- elsewhere in the Schaeffler world. And we will definitely take those calls to ship them or move them to India if there is a need.
- Bharat Sheth:** Okay. On industrial side, a couple of years back, we started the initiative to do more aftermarket, I mean, increase the share of aftermarket. So currently, how that is playing out? And what is our share of this new project vis-a-vis aftermarket? And how do we see that, that will be a sustainable growth that one can look forward?
- Harsha Kadam:** So as you know, see, the point that we made, industrial distribution as a percentage of sales, correct, is more an outcome. It's a denominator-numerator game. So if the sectors perform well, the OEM sectors do well, if that grows faster, obviously, it changes the equation, correct? So while our intent is definitely to continue to keep the focus on the distribution side of the business, obviously, better margins do come from the distribution side of the business. That still remains.
- We have definitely expanded our reach in the market. That is one strategy we have done. Second is we have brought in new business model so that we have a better control on managing the flow of material across rather than keep inventories with some distributors where it is not required and not have stocks lying where the need is.
- So we have tried to optimize that through use of better software tools. There is a lot of investment that we have been doing in the distribution network to make sure that the distribution business continues to play a strong part of our business growth. That definitely will continue.
- Moderator:** Thank you. Due to time constraints, we take Rahil S as a last question from Sapphire Capital.
- Rahil S:** Hello. Can you hear me?
- Moderator:** Mr. Rahil, please speak a little louder we cannot hear you. Mr. Rahil, please unmute yourself and go ahead with your question.
- Rahil S:** It is unmuted. I am audible?

- Moderator:** Yes, you are. Please go ahead.
- Rahil S:** Yes. Hi, management just one question like when you're making investments going ahead, capex of any kind, so what is this mainly going to be for? Is it going to be in existing sectors where you're already present in segments or any sort of new categories you'd like to enter and expand your scope of business horizons? And secondly, if you can share any kind of growth and EBITDA margins guidance for the coming quarter and the year ahead?
- Harsha Kadam:** Thanks, Rahil, for the question. Let me take the first question, and Hardevi can take the second one. So rightfully, we are definitely focusing on emerging sectors as well as the existing sectors. So a lot of investment that we are putting in is also to localize the production rather than continue to import, which we have been doing in the past. And that is to feed the existing sectors.
- Predominantly, in the bearings portfolio; however, if you look at some of the emerging sectors like the electric vehicles, so rightfully, that's a new sector where we have got business wins already, and we have started to invest in capacities to locally produce the product as well in a phased manner. So both these strategies bode well for us and it is important that we address both of them as we go forward. Hardevi on the EBITDA?
- Hardevi Vazirani:** On the EBITDA margin, I would avoid giving any guidance because there are so many factors. We are spread across several products and almost 10 sectors. So margin actually depends, which sector plays out how. So at this point of time, we will not give out any EBITDA margin guidance; however, of course, from our side, it is always that we want to sustain the operating performance of YTD.
- Rahil S:** Okay. Fair enough. Thank you and all the best to you.
- Moderator:** Thank you. Ladies and gentlemen, we have reached the end of question-and-answer session. I would now like to hand the conference over to Gauri Kanikar for closing comments.
- Gauri Kanikar:** Thank you, everyone for joining us today. If you have any further queries, please do reach out to me or drop me a note at [gauri.kanikar@schaeffler.com](mailto:gauri.kanikar@schaeffler.com). Wishing you a good rest of the day. Thank you.
- Moderator:** Thank you. On behalf of Schaeffler India Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.

---

(This document has been edited for improving readability)

**Registered Office:**  
15th Floor, ASTP (Amar Sadanand Tech Park),  
Baner, Pune – 411045, Maharashtra  
**Contact Details:**  
[Investorsupport.IN@schaeffler.com](mailto:Investorsupport.IN@schaeffler.com)  
**Website:** [www.schaeffler.co.in](http://www.schaeffler.co.in)  
**CIN:** L29130PN1962PLC204515