



Date: 26th May 2026

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 21st May 2026

Reference: Our intimations dated 14th May 2026 and 21st May 2026.

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)(iii) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) (“SEBI LODR”) and SEBI Master Circular No. HO/49/14/14(7)2025-CFD-POD2/I/3762/2026 dated 30th January 2026, please find enclosed herewith the transcript of Analyst / Institutional Investor meeting held on Thursday , 21st May 2026 at 11:00 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 21st May 2026.

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

Mayuri Kulkarni
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
Q4 and FY '26 Earnings Conference Call”
May 21, 2026**



**MANAGEMENT: MR. SHAILESH SHARMA – MANAGING DIRECTOR –
SKF INDIA LIMITED
MR. MAYANK HOLANI – CHIEF FINANCIAL OFFICER –
SKF INDIA LIMITED
MR. GIRISH KUMAR – HEAD, STRATEGY AND
BUSINESS DEVELOPMENT – SKF INDIA LIMITED
MS. AASHI ARORA – INTERIM CHIEF FINANCIAL
OFFICER – SKF INDIA LIMITED
MS. MAYURI KULKARNI – COMPANY SECRETARY –
SKF INDIA LIMITED
MS. CILVINA PEREIRA – HEAD, MARKETING AND
COMMUNICATION, AUTOMOTIVE BUSINESS – SKF
INDIA LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to SKF India Limited Q4 and FY '26 Earnings Conference Call. As a reminder, all participant line 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 Cilvina Pereira. Thank you, and over to you, ma'am.

Cilvina Pereira: Good morning, everyone. Thank you for joining us today. With us, we have SKF India Managing Director, Mr. Shailesh Sharma; our CFO, Mr. Mayank Holani; our Strategy and Business Development Head, Mr. Girish Kumar; former Interim CFO, Ms. Aashi Arora; and Company Secretary, Ms. Mayuri Kulkarni.

The purpose of today's call is to share our quarter 4 results and our overall financial year's performance. Please note that financial information of previous years as reported in the presentation shared has been extracted from consolidated financial statements of erstwhile combined entity and may involve some assumptions by the management pertaining to the demerged industrial undertaking.

These are prepared in accordance with the Appendix C of Ind AS 103 business combinations by using the financial information maintained by the SKF India Limited. Before I turn over the call 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 any undue reliance on these forward-looking statements and making any investment decisions. 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 over the call to Mr. Shailesh Sharma. Over to you.

Shailesh Sharma: Thank you, Cilvina, and good morning, and welcome, everyone, to this Q4 financial year 25-26 investor call. I'm Shailesh Sharma, Managing Director of SKF India Limited. Let me start with the agenda, which is on Slide number 3. I'm sure you must be having our presentation. You can refer to Slide number 3.

We will cover a quick executive summary, then we'll talk about macro sector updates followed by quarterly and annual financial highlights. And last but not the least, our strategy going forward and some success stories. In the end, we will take your questions.

We can move to executive summary, which is Slide number 5. Here, as you can see the results, we are glad to inform our investors that we had positive sales growth this quarter, which is about 3%. We will focus more on quarter-on-quarter comparison as stated in the introductory

statement. So here, we are comparing Q3 of financial year to Q4 of this financial year. So January to March 2026 is being compared with October to December 2025.

As I said, we had a sales growth of 3% with INR 5.6 billion of the sales. We had 770 basis points drop in our profit before tax, which is about 9% due to previous quarter performance, including certain one-off gains leading to a higher profitability, which includes gain on forex transaction, higher income from fixed deposits and reversal of some employee cost provisions.

Moving to our net working capital. It increased by about 4.6% due to one-off factors and this same is expected to normalize as we move forward. If you look at our full year performance sales growth. It sales grew by solid 12.8% to amount INR20.3 billion. However, profit before tax dropped by 694 basis points, which was due to a variety of factors, including mix, discounts as well as the reasons explained in the introductory statement. For the full year, net working capital improved by 3.7% year-on-year.

Moving to Slide number 7, which talks about macro key indicators. IIP growth since last 3 quarters has been stable and was 4.1% for Q4 2026. Manufacturing PMI growth stood at 53.9 for March '26. Automotive production has been an upward trend during last quarter for the passenger vehicle, commercial vehicle as well as 2 and 3-wheelers. Iron and steel production was highest during Q4 financial year 2026 with 9.7% year-over-year growth. So these were some macro key indicators.

Now I will request our CFO, Mr. Mayank Holani, to take us through the detailed financial performance.

Mayank Holani:

Good morning, everyone. Happy to be connecting to you and speaking about our financial performance. Now we move to quarterly performance highlights in Slide 9. We achieved highest quarterly sales of INR 5.55 billion for this financial year with a quarter-on-quarter growth of 3% and year-on-year growth of about 14.8%, which was primarily driven by higher growth in cars, 2-wheelers and powertrains, partly offset by a drop in distribution business.

In terms of mix, original equipment manufacturers accounted for about two-third of our sales, that is about 66%, while distribution sales were about 20%, exports 8% and SKF Industrial share stood at 6%. Primarily quarter-on-quarter and annual growth was driven by volumes.

Moving on to Slide 10 now. Here, we'll talk about the profitability for the quarter. Our profitability for the quarter dropped to about 9%, which is primarily impacted by one-off factors, and these factors are expected to normalize as we move forward. It was lower mainly due to one-off gains in previous quarter, which is quarter 3 of financial year '26 related to interest on fixed deposits, forex gains and employee cost provision reversal.

Now talking about year-on-year change in profit before tax, again, there were certain one-off factors, including costs related to demerger, mix impact as well as the comparability issue, as mentioned in the introductory statement.

Now let's move to Slide 12 and focus on our full year performance. Sales for financial year grew by about 12.7% and mainly it's contributed by OE sales, which grew by a strong 20%, while exports and distribution dropped a bit.

Moving to Slide 13 on profitability. Profitability for the year dropped to about 12.3% due to a mix of reasons. As mentioned earlier, similar reasons here also impacted full year profitability.

Let's move to Slide 14 on cash flow. Our cash flow for the year stood at INR 4.05 billion, which represents a cash conversion ratio of about 85%. Cash flow during the year was also impacted by certain one-off factors related to the demerger and these are expected to smoothen as we move forward, and we look forward for the next financial year. This brings us to the end of financial part of the presentation.

And now I'll request Mr. Girish Kumar to talk about our strategy and success stories. Over to you, Girish.

Girish Kumar:

Thank you, Mayank. Now I draw your attention to Slide number 16, and we call the strategic priorities as a RACE strategy. It's an acronym of the full value chain in our focus, basically starting with products that are meant to help customers build efficient vehicles, new energy vehicles and also the vehicles which are now being designed into new environmental and emission standards. Accelerate growth through commercial excellence. The purpose here is to really sharpen the efficiencies, both on the top line and the bottom-line performance as well, and it is driven through a number of full value chain actions.

And also, the capability and the capacity development across the full value chain. Last but not the least is about execution of the strategy with speed, agility and attentiveness. Holistically, this is addressing the complete the SKF India automotive business basically. So, these are the 4 pillars under which various initiatives are being driven that directly addresses the financial performance of the company.

Next, I draw your attention to Slide number 17. This strategy needs to work and the indication is basically the portfolio of the wins that we are having across 3 verticals, 2-wheeler, 3-wheeler, passenger vehicles and commercial vehicles. The character of the wins that we are having in quarter 1 is reflecting the market shift to EVs as well and the OEMs going back to the drawing board to redesign their drivetrain subsystems to new emission norms that are coming in, mainly the BS-VII and the CAFE norms as well.

And some of the listing that we have done here is primarily the wins that we have with electric motors and also some of the wheel hub bearings, primarily the new launches that are upcoming into the '26-'27 financial year. So, this represents quite a strong portfolio and the order book going up to about 2030, basically.

Customer awards as well. The shift and the focus and the drive that we have in sustainability initiative on the operations, the supply chain and also the product advocacy is gaining recognition across our supply base and also the customer grouping. Out of 3, what you see is basically a clean energy champion among the supply chain partners of TVS Motors. This is a prestigious award, which basically signals that we are the leaders in the market as recognized by

TVS, which sets us an expectation to really add more value to TVS in their future development as well.

In a similar way, our environmental initiatives have been recognized by Honda Motorcycles, again, a prestigious award. And the third one is essentially the business performance from Suzuki Motorcycles. This is in recognition of the top of the line excellent delivery performance through the year that we basically had. So these are the high level customer recognitions that we got in the quarter 1. So now we come to the end of the presentation.

Now I hand over to Cilvina Pereira. Over to you.

Cilvina Pereira Thank you. Now we open the forum for question-and-answer session. Moderator, kindly let us know who is the first one in the queue.

Moderator: Thank you. Our first question comes from the line Krupashankar NJ from Aventus Spark. Please go ahead.

Krupashankar NJ: My first question is a bookkeeping question. Just wanted to get a sense around what would be the mix of end segments, which is 2-wheelers, passenger vehicles and EVs for the quarter and FY '26? And would you be kind enough to break up between what would be the percent of exposure we would have to engine transmission and wheel end in our entire portfolio?

Shailesh Sharma: We don't comment on the sub-segments per se, Krupa. But our portfolio on wheel end dominates the transmission, if you're talking about passenger vehicle and commercial vehicle. Transmission is following the second fiddle there.

Krupashankar NJ: Got it. So, you would not be sharing the end segments of 2-wheelers, passenger vehicle revenue mix from them?

Shailesh Sharma: No.

Krupashankar NJ: Okay. Got it. Second question would be more on margin profile. What we have seen, of course, is a deterioration on a Y-o-Y basis. Just wanted to get a sense around what would be the one-off costs relating to the demerger in the fourth quarter of FY '26 and FY '26? And with respect to margins, what can be the sustainable margin expectation going ahead into FY '27?

Mayank Holani: See if you look at -- in quarter 4 of financial year, there were not too much of demerger-related costs. And if you look at the one-off costs, which I mentioned in the Q3, rather one-off gains in Q3, if we remove them, it was more or less at par. Now talking about the sustainable margin, we could be looking at 11-12% kind of margin in the near future, while obviously in long term, the focus would be on improving it further, but the sustainable margin will be that.

Krupashankar NJ: Got it, sir. But looking at FY '25 performance and what you have shared, I think the margin profile over there were far more robust at close to about 20-odd percent. Just want to get a sense around what is driving this sort of guidance of 12% going ahead? And is it more of a traded proportion, which is increasing in our overall RM mix, probably throw some light on that, sir?

Mayank Holani: Sorry, what percentage you mentioned?

- Krupashankar NJ:** So what I meant was the EBITDA margin last year was close to about 20-odd percent in FY '25.
- Mayank Holani** I was not talking of EBITDA margin. I was talking about the PBT.
- Krupashankar NJ** Understood, sir. So, from a gross margin standpoint, what I was also looking at is that given that automotive business is largely localized, the purchase of traded goods in the third and the fourth quarter has been quite high at around 15% to 20% of revenues. So just wanted to get a sense around what is exactly that we are buying? Is it primarily from SKF India sorry, industrial? And how long is it expected to continue?
- Shailesh Sharma:** Okay. So, in Q4 or before that, actually, this is largely from SKF India Industrial Limited. From automotive perspective, we have almost more than 90% localized products. So, we don't trade. We don't bring too much of our bearings from overseas and sell it. So, for automotive, it is fairly localized. But industrial, yes, that is continuing, and I'm sure you must have seen the results of industrial separately. Did I answer your question or if there is anything?
- Krupashankar NJ:** Yes, sir. I just wanted to know when is it expected to is this going to continue until our new plant in Haridwar and Pune ramp up? Or are we expecting this to be ongoing on a continuous basis? Some light around that.
- Shailesh Sharma:** As I said, in automotive, our focus is on localization. It's already more than 90%, and that is going to continue. Industrial, if you are a little bit confused with the industrial mix, that is not going to sustain. Of course, over a period of time, it will go away. Industrial will be separate things and automotive will be highly localized.
- Krupashankar NJ:** Understood. Last question from my side, if I may. Just wanted to get a sense around EV piece of business, while you did allude to new business wins from the EV motors bearing side of things. I wanted to get a sense around, given that we have seen a certain scale up over the last 2, 3 years on EVs, have you seen the content per vehicle being similar to the ICE in EVs despite the number of bearings coming down? And going ahead, would you want to call out anything on the EV-related contribution to your overall revenue proposition? The margin accretive will it be margin accretive vis-a-vis to your existing business?
- Shailesh Sharma:** So, the number of bearings in EV are less than ICE engine and growth as of now is going in 2-wheeler mainly. But the...
- Moderator** I'm sorry to interrupt you, sir. I'm really sorry, but your voice is muffling, sir. We're not able to hear you.
- Shailesh Sharma:** Is it better?
- Moderator** Yes, sir, it's better now. Thank you, sir. You may proceed.
- Shailesh Sharma:** So, what I was saying is, yes, number of bearings in electric vehicle is lesser than ICE engine. And as of now, we are going in both the situation. But in 2-wheeler, especially in EV, our share of business is 50% around. But as you see the adoption, or EV adoption has still not caught up

the pace which was anticipated earlier. But giving you a specific number, Girish, maybe can you add the numbers on it?

Girish Kumar: Yes. I mean the current 2-wheeler is about 6% and then the passenger vehicles is about 4%. Krupa, specific to what you mentioned, certainly the performance of the electric vehicle products is much, much higher than the ICE vehicles.

And if you are referring to any kind of margin erosion due to the reduction in volume and other things, for sure, more positions are getting opened up in terms of, let's say, the motor bearings and also the electric insulation, high-speed bearings, which are multifold in terms of its pricing that will offset some of the losses that we might have in the revenue there. But otherwise, much of the assortment what we see as a high-value bearing would remain common between ICE and EV, especially on the chassis and the wheel bearings.

Krupashankar NJ: Thank you.

Moderator Thank you. Our next question comes from the line of Mumuksh Mandlesha from Anand Rathi Institutional Equities.

Mumuksh Mandlesha: Thank you. Sir for the opportunity, firstly, on the cost side. In Q4, how much was the demerger-related impact in the other expenses? And going ahead, I mean, do you see further impact due to demerger-related costs, sir?

Mayank Holani: We don't have much of the demerger-related costs in Q4 and going forward also, we don't see any demerger-related costs specifically to be in our future.

Mumuksh Mandlesha: Got it, sir. Sir, we're seeing a lot of raw material prices going up. So just want to understand how are the pass-through happening in both aftermarket and OEM? How are kind of price hikes are being taken, sir?

Shailesh Sharma: So that is on the way starting with the aftermarket. And as per agreement with OEM, whatever increase in steel price and something happens, we get it. As of now, we have taken only from a couple of customers and similar discussions are happening with some other OEMs.

Mumuksh Mandlesha: Got it. So even aftermarket price hikes have started, right, sir?

Shailesh Sharma: Aftermarket is a little bit different game altogether and that is also expected. And this is the existing information, but yes, it is started, that I can give you.

Mumuksh Mandlesha: Got it. So maybe in transitory, sir, there could be slight more gross margin pain with the lag in the pass-through right, sir?

Shailesh Sharma: Sorry, come again.

Mumuksh Mandlesha: Just because the pass-through would happen with a lag, sir, on the cost inflation, so in near term, there could be pressure on the gross margin side.

Shailesh Sharma: Yes, that's true.

- Mumuksh Mandlesha:** Got it, sir. Sir, this year, we've seen exports and distribution being down Y-o-Y for full year. Any reason why both those areas are down, sir?
- Shailesh Sharma:** I'm not sure which number you are saying, but listen, automotive, our aftermarket business is slightly down, yes, that's right. If we talk about volume, somehow, we are keeping it flat. But on a net sales point of view, it is a little bit down because of the discounts we offered to remain in the market and to beat the competition. Export is more or less steady, I'm not sure.
- It is slightly lower with two reasons. One is India for India, our focus is first to serve our domestic customers, and there is a huge demand coming from all of our customers, so capacity is limited. For overseas customers, we are trying to fill that demand from the nearby factories to the customer. But it is not very significantly dropped off also.
- Mumuksh Mandlesha:** Got it, sir. Sir, for the FY '27, what kind of capex is expected, sir?
- Shailesh Sharma:** So, from '26 to '28, we have around INR 500 crores investment, which will go through each year. This year, '26, will be around INR 200 crores.
- Mumuksh Mandlesha:** Calendar year '26 you're saying that, right, or FY '26-'27?
- Shailesh Sharma:** '26 to '28, yes, up to INR 500 crores.
- Mumuksh Mandlesha:** And INR200 crores already spent in FY '26 you are saying, sir?
- Shailesh Sharma:** It's going to be spent, which will spill over to '27 a little bit in the first quarter. So, you can say in the financial year '26-'27 is around INR 200 crores.
- Mumuksh Mandlesha:** Got it Thank you so much for the opportunity.
- Shailesh Sharma:** Thank you.
- Moderator** Thank you Our next question comes from the line of Viraj from SiMPL. Please go ahead
- Viraj:** I have 2, 3 questions. Sir, just trying to understand on the gross margin piece a bit more in detail. Sir, if I look at our annual basis, the aftermarket, as you share, has not degrown. I mean, as such it has not degrown significantly. And if you look at our overall provision, right, we are already at 90%, 95% plus level, that is be it aftermarket or the OE things, right? So, what explains the drop in gross margin, say, from 25% to 26%. So, it has dropped from, say, around 55%, 60% level, now we're talking about 46%, almost 9 to 10 percentage point drop. So that is one question.
- And similarly, if I look at other expenses, which is excluding the demerger, we have been seeing an increase in other expenses in last 2, 3 quarters. So, what are the key elements in other expenses, which is driving this increase? So that is one question.
- Mayank Holani:** So, when you say aftermarket sales have not dropped much, you're right, but the growth, if you see, has all come from OEM. So, the full year, if you see, it's almost 20% growth coming from OEM which the margin again, there is a big difference between aftermarket and OEM. Now coming to other expenses and its comparison to previous years, I'll refer you to the opening

statement that we made because the previous year numbers at all places may not be exactly comparable because we split it from the combined entity.

It is typically more expected to realize and you will see from last quarter onwards when after separation, it will be more clear because you will have stable performance.

Viraj: Sir, just to follow-up on this. See if I look at pre-demerger also and if I look at if I compare about other industries, in auto given high localization and healthy mix of distribution, 16% to 18% in terms of EBITDA margin and gross margin, of course, of 55%. And this is what we had also pre-demerger earning in the auto business, right? So, I am just trying to understand that how should one look at the margin structure in our business going forward? You know what is the sustainable margin one should look at and what to drive? So that is one.

And second is, can you explain a little bit in detail what is the arrangement with SKF Industrial? So, what product segments or application we buy from them and what we sell to them? And similarly, any payout in terms of royalty or service charge to them?

Mayank Holani: So, on margin, I already answered earlier in response to another question that we are looking at in terms of PBT about 11-12%, which is what we expect in the near future. And probably I will request Shailesh to answer about the other question.

Shailesh Sharma: So, what kind of product we deal? So generally, these are two very different businesses. Industrial makes larger size of bearings and automotive is slightly on lower size, when I'm talking about size range. But yes, there is some certain overlap in between where we are because of the kind of assets we have around both the companies, still we have certain amount of trading from each other, largely from industrial to auto because of certain product line like medium-sized DGBB and tapered roller bearings.

The capacity is a little higher side or I must say the demand and capacity point of view, we are short of, in automotive, we are short of little capacity. So, we are buying from Industrial. So, it is not a particular application for certain things. It is about basically what we can get from there and some of the customers.

Viraj: And is there any other payout in other expenses which we would have to pay to Industrial or we receive from Industrial in terms of any manufacturing service charges or anything?

Shailesh Sharma: Yes, yes. Because our plant is common as of now and this plant belongs to SKF India Limited. And right now, industrial assets are lying in this plant until the new factory of industrial comes in until then we receive rent from industrial. Also, there are some certain service charges, which we get from industrial.

Viraj: Can you quantify what is it on an annual basis?

Shailesh Sharma: No as of now. We don't have that exactly and this whole case started from last October, so it is too early, but that is there.

Moderator: Our next question comes from the line of Varun Jain from Dolat Capital.

- Varun Jain:** So, my first question was on customer concentration. So, can you tell us what percentage of your sales come from top 5, top 10 customers? And who are the top 1, 2, 3 customers?
- Girish Kumar:** Okay, Varun. The top 5 customers typically represent about close to 50%. If I had to name top 3 customers, basically in the 2-wheeler segment, Bajaj is our number 1 customer, followed by Mahindra in the passenger vehicle and Tata, both the entity combined, the commercial vehicle and the passenger vehicle combined.
- Varun Jain:** And sir, top 10?
- Girish Kumar:** Top 10, we'll have the remaining OEMs, the likes of Royal Enfield, Honda and some of the Tier 1 companies as well.
- Varun Jain:** Sir, my question was what percentage of your revenue would they constitute?
- Girish Kumar:** Top 10, I would rather say it could be close to about 70%.
- Varun Jain:** Okay. And sir, my second question was on the capex plan, which you laid out. So this INR500 crores, once it's all on the ground, so what is the revenue potential it has?
- Shailesh Sharma:** So, we have our see, there are two things which we are trying to do. One is to reduce trading from industrial, so some capacity will go into our own automotive capacity, which will not essentially add to our revenue because anyway that revenue is there as of now, the only thing is through trading. And the second is looking into our growth, which is about 6% to 8% growth. So, Girish, do you remember the number by 2028, what's the number we are talking?
- Girish Kumar:** I need to check. I do not have it right away.
- Shailesh Sharma:** Yes, but you can consider around 6% to 8% CAGR.
- Varun Jain:** 6% to 8% revenue CAGR you are telling?
- Shailesh Sharma:** Yes.
- Moderator:** Our next question comes from the line of Lakshminarayanan from Tunga Investments.
- Lakshminarayanan:** I just want to have one question. As management, what are the 2 or 3 strategic priorities you are working for the next 1 to 3 years? And how you yourself to be measured or how you are measured in terms of sales growth or in terms of margins, so that as investor, we can also use the same lens to track the company.
- Shailesh Sharma:** Okay. Girish, maybe you can take through our strategy.
- Girish Kumar:** In terms of the strategic priorities, the focus is basically to shift portfolio significantly to energy efficiency and the emission norms addressing value propositions to the customers across vehicle segments. That would be the single most priority. And certain manufacturing capabilities will have to be invested upon, and the investment amount that you heard is also going in terms of not only capacity, but also upgrading some of these capabilities as well.

And significant portfolio shift will happen towards passenger vehicle and commercial vehicle. In proportion, these 2 segments have a high potential for us to grow and also the premiumization in the market that is happening is driving certain product value propositions that are in the sweet spot for SKF to really do well in those segments, so that's number two.

Number three is to amplify the value selling, that means close partnership with customers because much of the OEMs new launches that have been announced since last year and into this quarter as well is to be in close coordination with customer R&Ds, and we already see major partnerships already developing there. So, these are the 3 priorities that we are invested in, and we are building our, let's say, capabilities and capacities, both on the supply base, also on the manufacturing capabilities. And this is how we basically look at it.

And as Shailesh was mentioning, this kind of strategy, we believe, will give us an edge in the value propositions that are likely to give us a bit of a pricing power. And that's where we believe in the next quarter that follows on the industrialization and the vehicle launches really happen; we should be in a position to really see a better business performance on that.

Lakshminarayanan:

Sir, and in terms of how you measure the company's performance in terms of top line growth, how do you benchmark either with the industry or with your peers or competitors? And in terms of margins also, what is the kind of thing which you like to measure because some companies use operating margins, some companies use PBT margin, some of them would say that we want to grow 8% more than the automotive growth. Some color as to that so that we can also look at a fact the company in the same lens.

Girish Kumar:

The color that I can give you is, of course, the cash is more important to us. So, we are more driven on quality of earnings that we basically make. Certainly, not the top line is the number one priority. But of course, we need to really win the space that we believe we have an advantage, and that's what actually I mentioned, the premiumization that is happening is a sweet spot for us to really do well. And to that extent, we will try to focus there. And as I mentioned, the focus would be on margin improvement.

Lakshminarayanan:

Because you mentioned the PBT margin of 12% or thereabouts, if I heard it right. Is that something which you kind of which band of margins the company is most comfortable to operate where you would not go below it? And I just want to understand that particular bit? And this margin, PBT or operating or pre-cash or post-cash income?

Mayank Holani:

Sir, can you repeat your question?

Lakshminarayanan:

I heard you saying that 12% margin at the start of the call, and I think again, you mentioned this. So as a management, what are you calibrating yourself on as the band of margins you like to operate? And is the band of margin should be evaluated at the PBT level or at the operating margin level? And what is that band, is it like 9% to 15% I mean some kind of spectrum would be very helpful.

Shailesh Sharma:

This 11%, 12% margin range we gave you is the kind of average, but yes, within the different products and market segments, the margin remains healthy, that would vary between distribution, exports and OEMs. But 11%, 12% is at the group level, company level is what we

would be looking at. And then obviously, within the product range, there are multiple factors which we have to use and we will use it already, like the mix of new products or different segments.

Lakshminarayanan: Sir, your voice is not clear. I think even the earlier participant questions, I had some difficulty hearing you, while the other participant appeared clear. There seems some issue in your line, I guess. Can you just repeat?

Mayank Holani: I'm just saying is it better now?

Lakshminarayanan: Yes, slightly better, sir. If you can just come closer to the...

Mayank Holani: See, 11%, 12% is what we are overall margins PBT percentage is what we are looking at. Now within that, different segments have different margins. OEMs will have different margins, aftermarket will have different margins, exports will again have different kind of margins. But overall, as a bouquet of products and market segments, 11% to 12% is what we would be looking at in the near term.

Lakshminarayanan: Got it, sir. My last question is that I've been either owning or tracking the company for the last decade or so. So, there has always been a practice of you sharing the industry mix of OEMs broadly in terms of 2-wheelers and passenger cars and commercial vehicle. At an aggregate level for the full year, can you just help me understand what is the mix of revenue across the 3 segments because this is something, which you always give.

Girish Kumar: Not sure about it. But what we can actually say is about the retail and the OEMs. I think that's what we provided in the beginning. It's about 20% or rather even if you exclude the export, about 28% is the distribution and the rest is on the OEM side. But what I can actually share is, of course, 2-wheeler is by far very dominant volume contributor to us, followed by passenger vehicle and commercial vehicle.

Lakshminarayanan: And this is the white space you have identified because you are strong in DGBB. But in terms of the other areas, you just put a matrix across different segments and different types of bearings. Which are the areas where you think you can really you are putting your effort on to win the markets? What are the white spaces? Can you just elaborate?

Girish Kumar: White space for us is the unitized bearings for the wheel application in the SCV segment and also in the light commercial vehicle, if I had to call out those as an area that we can do significantly well, and we are doing well there. And specifically, the new generation transmissions that are coming in for the CAFE-3 norms with our portfolio of low friction, low-weight assortment, that's a space that we are relaunching ourselves to be a dominant player there. These two are standing out as a significant white spaces for us.

Moderator: Our next question comes from the line of Ravi Purohit from Securities Investment Management Private Limited.

Ravi Purohit: Sir, generally, I would like to share that we've been tracking just like the earlier participant was saying that we've been tracking our company for more than 10 years. And the Investor

Communication under Mr. Manish Bhatnagar was very transparent and very articulate. So, we were able to kind of understand where our margin structures are, what the gross margin levers are, where the new product introductions are? Increasingly, our post demerger, what we are realizing is that the investor communication and the disclosures have dropped substantially.

And there is absolutely no clarity amongst investors, both for the industrial company as well as for the auto bearings industry. So, what the normalized margins were premerger, what they are today, they look significantly lower than what they were premerger. Is it because we have started paying out more royalties to the parent? Is it because of the transfer pricing arrangement between SKF Industrial and SKF India auto?

And in the last 6, 7 years, if you see our average EBITDA margin used to be 16% and 17% of the combined entity. And today, it looks like both the entities are much lower than that. So is there something changed during the demerger, which the shareholders should be aware of, but they are not being made aware of?

I will really appreciate if you could kind of share some thoughts about this and at least share this concern with SKF parent also that there was a lot of efforts being taken previously doing meetings and all for the demerger vote. But since then, the communication has dropped, disclosures have dropped, and there's absolutely no clarity as to what the long-term sustainable margins for SKF because SKF is a global leader by far?

In India, SKF trades at a 50% to 70% discount to its peers from a market valuation point of view. From a margins point of view, its margins are probably 200 to 400 basis points or even 500 basis points lower than the peers. This does not look like market leader's attributes.

So just wanted to share this feedback. I missed the Industrial call, so could not share it with them. We are already existing shareholders, but we thought we should kind of air our views on this aspect. And we will really appreciate if you could kind of help us understand the numbers, overall numbers and margin structures better. And if you could just answer if there is a significant increase in royalty that has happened premerger and post demerger?

Shailesh Sharma:

Okay. Just before Mayank talks about, thanks for feedback. If you think so, that's good feedback for us. But I can just assure you, we would like to remain transparent as it was earlier, and we are very committed to that. SKF as a company always value our investors, our customers, our community and everything. So, we have no intention to hide anything. But if you feel so, that's a feedback. We will work on it. But in particular, if some information which you need, maybe if it's not kind of confidential in nature, we will be happy to share. Mayank, maybe...

Mayank Holani:

Okay. So, your feedback is well taken, and we'll see how to further improve the communication so that your this feeling goes away. We'll make effort towards that. Now as far as royalty is concerned, there is no change in any royalty or trademark fees from the earlier settlement. So, it remains the same, how it was pre-demerger.

Ravi Purohit:

So, is it fair to assume because pre-demerger when we had spoken on con calls, when the con calls were held and the meetings were held in the run-up to demerger, what was communicated

to us was the Auto on its own makes about 16% to 18% EBITDA margin, right? In fact, higher EBITDA margins as compared to the industrial business because it is 95% localized in India.

Now if I take the average of the last 5, 6 years, the EBITDA margins used to be 16% to 17%. And if Industrial is basically 60% of the revenue and the margins of Industrial are significantly lower than the average because it is predominantly a trading business as of now, then logically, mathematically, the auto bearings margins should be closer to 18%, 19% EBITDA level.

So, if it is 18%, 19%, as of now, since the demerger, we've not seen those kinds of numbers. Can you help us or if you could kind of break it down for us as to when do we see those kinds of margins coming back? When does this arrangement between us and industrial kind of change on the transfer pricing or whatever contract manufacturing that they are doing because they hold the land on which our line is kind of located or set up?

Shailesh Sharma: In fact, it's other way around. It is SKF India land where Industrial is we have given on kind of rent to Industrial. SKF India Limited, the demerger, which happens at group level, the carve-out or in India, it's a reverse carve-out. Generally, automotive has come out of industrial. Overall, at group level, automotive is close to 30% of total revenue. In India, it is slightly higher. It is slightly 34%, 35% from revenue point of view. But in India, it is a reverse carve-out where industrial has gone out. So SKF India Limited remains as automotive division.

Mayank Holani: The EBITDA margin, which you mentioned, okay, so last financial year, if you look at it, it's about 15.3%. So okay, slightly lower than the previous year, what 16%, something you were mentioning for automotive. But we hope it we should be back to the level very soon.

Shailesh Sharma: And this is a kind of transition, which is happening, onetime cost sitting here and there slowly, so maybe you may be seeing, but we are very hopeful and we are confident about going forward, maybe after a couple of quarters, we will become stable and we will be back to normal.

Ravi Purohit: Sir, if I can just take this point forward. If someone from your team can actually read the transcripts of the con calls, which happened in '24, right, in '24 and maybe early part of '25 and '23, right? And if you see, particularly when the demerger was announced around that time, if you see the con call transcripts and if you see the numbers, right? And if you analyze the last 5 years, so 16% was the average of both the businesses combined. And Industrial is actually lower margin business, and it is a 16% business, total revenue business.

So automotive business, and it was this was on record set by Mr. Mukund, right, that we will basically move back to 16% to 19% EBITDA margin range, right? And in the earlier calls also, he had mentioned auto is significantly more profitable in India because it is fully localized, right? And sir, just also on this trade manufacturing contract manufacturing, on this year's P&L that we have reported for the results, there is a very large amount of purchase of traded goods. So, I'm assuming there must be something that the industrial piece is also manufacturing for us, right?

Shailesh Sharma: Yes, yes, of course. Industrial, as I said earlier, industrial is definitely breaking and because of capacity shortage in automotive, after GST cut, we are seeing a huge growth in all sectors, all segments. And we have limited capacity, which we are anyway working on, as I said, already

two new product lines are coming in our Haridwar this year only. And some things are also in pipeline. So, because of that, Industrial is we are kind of trading from industrial.

About EBITDA, see, this is true that in automotive, we have more localized product. But if you see automotive, it's very price-sensitive market, especially OEM. And distribution market, both in industrial as well as in automotive works on more or less in the same margin. But yes, maybe because of the cost, import cost, maybe the margins somewhat get impacted in Industrial. But overall, as per me, Industrial is a little higher margin business than automotive.

At a global level, if you see for any automotive industry, outside India, if you see 8% operating margin is considered to be very good margin for automotive, including OEMs. But in India, we work, of course, our plan is always to remain in double digit. And there may be some compression because of all this transition, and we are confident, we will go back.

Ravi Purohit:

So, sir, from next quarter onwards, if we can actually include in our presentation, right, the breakup of the cost or the margin compression, right? And this is because of one-off or merger-related costs, right? Or even this transfer contract manufacturing-related costs between industrial and us. So, it will help us understand and appreciate what our true business margins are, right.

Because if you compare us to our peers like Schaeffler India or Timken, they are at much, much higher margin levels. They are your competitors. They sell products at a discount to SKF India's price because SKF India commands premium. SKF globally also commands a premium more Schaeffler and Timken, even if the premium is 2% or 3%, right.

The point is, if they are making 20% EBITDA margins, and if we have communicated in the past, just a year back, if someone can actually read the con calls and understand and see the numbers and see the commentary that was provided to us in the run-up to demerger, it was very clearly communicated that our margins are going to be significantly higher once we localize more and auto already makes a significantly higher margin?

So there seems to be like a very, very distinct difference between the communication post demerger and pre demerger. So just a very, very sincere feedback, please have someone in the team to read the transcripts or the communication or the information that was provided to shareholders pre-demerger, and what we are communicating today. Is there a significant difference between the two? And if yes, can someone take the effort and initiative to bridge that gap?

Shailesh Sharma:

As I said, feedback taken. We will try to give even more detail. But just to extend the answer, first of all, after post demerger, if you see, we really don't have somebody to benchmark because now Industrial is purely industrial and Automotive is purely automotive. Timken and Schaeffler, both are still combined, the industrial plus automotive. So earlier, there was a good comparison, but now it is no more actually.

Even if you want to compare, there is not a single listed company, which is bearing purely for automotive. There is no such company exist where we can compare. And probably same thing goes with industrial also. So, I'm just giving you a little bit heads up, so that you can think about it. It is not apple-to-apple comparison.

About localization, as I said, if Mukund has said, yes, there are a lot of investment which have been made in even an Ahmedabad factory and even in Pune factory for industrial, but I should not talk about industrial as such, if you must have attended that call.

So, the statement which was made, that is true. We don't want to go back and we don't want to say, okay, that was not true. Everything is true, what we said. It's maybe a matter of time. It's just a transition time, which we are going through.

Ravi Purohit: And please, I really appreciate if you could include some more information and data points on the margin breakup and one-of related demerger-related costs in the subsequent presentations that we make for the quarter.

Shailesh Sharma: Okay.

Moderator: Ladies and gentlemen, that was the last question for today. I would like to hand the conference over to the management for the closing remarks. Thank you, and over to you, team.

Shailesh Sharma: Okay. Thank you very much for your question and continued trust in SKF India. This year has been one of the transformations in SKF. While restructuring costs temporarily impacted our profitability, our strong revenue growth, robust demand across automotive and strategic focus on electric mobility and sustainability gives us confidence for the future. The demerger positions us to unlock greater value by enabling sharper focus and agility in our business.

We remain committed to renovation, operational excellence and delivering consistent shareholder return. As we move forward, our priorities are clear margin recovery, sustainable growth and strengthening partnership with customers and stakeholders. We appreciate your support and look forward to continue this journey together. Thank you very much.

Moderator: Thank you so much, sir. Ladies and gentlemen, on behalf of SKF India Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.