



Date: 14th April 2025

National Stock Exchange of India Limited, Exchange Plaza, 5 th Floor, Plot No. C-1, G Block, Bandra- Kurla Complex, Bandra (East), Mumbai – 400051, Maharashtra, India NSE Scrip Code – SKFINDIA	BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort Mumbai – 400001, Maharashtra, India BSE Scrip Code -500472
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Subject: **Transcript of Analyst/Institutional Investor meeting held on 09th April 2025**

Reference: **Our intimations dated 04th April and 09th April 2025.**

Pursuant to Clause 15(b)(iii) of Schedule III, Part A, Para A read with Regulation 30 (2), Regulation 30(6)&Regulation 46(2)(oa)of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) (“SEBI LODR”), please find enclosed herewith the transcript of Analyst / Institutional Investor Call for an update on demerger held on Wednesday, 09th April 2025 at 14:00 Hrs (IST). The same will soon be uploaded on the website of the company for convenience of the shareholders.

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

Thanking you,

Yours faithfully,
For SKF India Limited

Ranjan Kumar
Company Secretary & Compliance Officer

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“SKF India Limited
Demerger Update Call”

April 09, 2025



**MANAGEMENT: MR. MUKUND VASUDEVAN – MANAGING DIRECTOR –
SKF INDIA LIMITED
MR. ASHISH SARAF – CHIEF FINANCIAL OFFICER --
SKF INDIA LIMITED
MR. RANJAN KUMAR – GENERAL COUNSEL AND
COMPANY SECRETARY – SKF INDIA LIMITED**

Moderator:

Ladies and gentlemen, good day, and welcome to the Demerger Update Call for SKF India Limited. 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 the star then zero on your touchtone phone. Please note the duration of the call is limited to 45 minutes.

I now hand the conference over to Mr. Ranjan Kumar, General Counsel and Company Secretary, SKF India Limited. Thank you, and over to you, sir.

Ranjan Kumar:

Good afternoon, everyone, and thank you for joining us today. We appreciate your time and interest in this important update regarding the demerger process of our company. As indicated, I'm Ranjan Kumar, General Counsel and Company Secretary of SKF India Limited. And with us, we have Mukund Vasudevan, Managing Director, and our CFO, Ashish Saraf.

The purpose of today's call is to provide a comprehensive update on the demerger process, its strategic rationale, expected benefits and next steps. We will take all your queries after the update is shared by us as a management team. This call is not expected to cover routine financial statements or results, and hence, the invitees are requested to confine their questions to the ongoing demerger transaction.

Before we start the update, I would like to emphasize that some of the information that you will receive in this call may contain forward-looking statements, which are subject to risks and uncertainties. Such statements are based on management's belief as well as assumptions made by and on the information currently available to the management.

The audience is cautioned not to place undue reliance on these forward-looking statements while making any future investment decisions. With this, let me turn the call over to Mukund for sharing update on demerger. As stated before, we will open the call for Q&A after this update. Over to you, Mukund.

Mukund Vasudevan:

Thank you, Ranjan. This is Mukund Vasudevan, Managing Director of SKF India Limited. And as Ranjan said, we thought it's very important as we are going through this demerger process where we are segregating the Automotive and Industrial business to keep all our valued investors informed around the rationale, the process and the logic behind why we're doing this.

With that in mind, I'll jump in, and we'll hold the Q&A until the end with disclaimer, as you have probably seen. So the topics we'll cover today, we'll talk about SKF India as it stands today so that you all get a grounding on what the current business is. Then we'll kind of pivot into the demerger and what's the logic and the rationale behind separating the automotive and the industrial businesses.

We'll talk about pro forma financials as we -- for the 2 separated entities. And then finally, we'll talk about the demerger status and timeline, where we are today in that process. With that, let me jump in and first talk about SKF India, and both its current and past performance. So as you

all know, most of you know, it's been over a 100-year journey for us in SKF India. We were established in 1923 as a ball-bearing manufacturing unit.

Over time, we've expanded to a lot of other associated products and services. And we are strong in both the industrial as well as the automotive domain. Today, SKF India has 3 state-of-the-art manufacturing facilities, 4 offices, over 570 distributors and channel partners who are helping us serve the market and around 1,700 employees.

If you look at our 2024 numbers, and these are in INR million. So that's almost INR4,570 crores of revenue, EBITDA of almost 16% to 17%, INR5,500 million of profit and strong net cash flow. Overall, the return on capital employed has always been strong. And in 2024, we delivered a 27.4% return on capital employed. So overall, a strong performance. It's been a fairly consistent performance too, if you look at the historical. Even if you look from 2020 onwards, our top line revenue has been growing at almost 13% CAGR.

Our EBITDA has been growing at 16% CAGR if you take a 5-year horizon and the profit after tax is 18% CAGR. So overall, strong performance, good sales and good leverage on that sales down to the bottom line as we have become more efficient in our portfolio as well as become more efficient in our manufacturing. And the shareholder returns speak for themselves, 23% CAGR in our stock price. It's had its ups and downs, but overall, a steady growth over the last 5 years.

And as a company, we have maintained a strong dividend payout as well as capital performance of the stock price overall. I think whether it's our financial performance or our strategies or our operating discipline, all of that has helped us achieve these results and deliver strong shareholder returns.

The reason I wanted to share this with you is this is a culture we want to continue even as we move into the demerger, both entities will aim to deliver strong performance as we have done in the past as a combined entity. If I now look at our strategy, it's the pillars of our strategy.

We have looked at -- while our overall vision is towards the intelligent and clean future, the pillars have been around focusing on high-growth segments, whether it be the heavy industry like steel, power, mining, etc, or in automotive, whether it's SUVs, light commercial vehicles, etc, and drives new technologies where we are focused on energy efficiency, reliability, longer-lasting products or bearings and as well as the powertrain.

Services and aftermarket to make sure that the products we sell are serviced to ensure service at the end customer to make sure that they perform up to expectations, and we can extend life. So a lot of customized solutions and good reach and availability through our distributor network.

And finally, portfolio management, which is to ensure that we constantly prune businesses which are unprofitable, both at a product level as well as at the customer level. And all this has helped us or has been possible through a more regionalized and a competitive supply chain and manufacturing footprint.

Technology development, which continues to be the pillar or the backbone of how we get our growth, an entire digitalized value chain and more efficient operations and manufacturing closer to our customer. So all of this has helped us achieve our goals and the numbers we spoke about in the last few pages.

I'll now move to the next section, which is around the demerger and why we believe it makes a lot of sense to separate the Automotive and the Industrial business. The intention of this demerger is to create 2 fit-for-purposes independent companies, which will accelerate both growth and profitability of both companies.

And why do we believe that this is possible? The reason is, first, there are 3 big macro drivers, which is, one, there is -- the dynamics of the industries are fundamentally different. Second, the customer needs themselves are different in the Automotive and Industrial. Third, the manufacturing philosophy and how we should manufacture is also different in Automotive and Industrial.

And if you dig a little deeper, what will enable this by 2 high-performing businesses is, one, an improved and focused approach from the management in 2 separate businesses, a more tailored customer value proposition, as we'll go into deeper in the next few pages, increased agility and responsiveness, more manufacturing efficiency, better capital deployment as the two businesses have different requirements.

And finally, a more a better and more financial visibility, attracting more diverse investors who are more aligned towards the Automotive or the Industrial business. All of these together will help us accelerate growth and profitability for both businesses.

If I now look at each one of these in a nutshell, let's start with the macro dynamics. And if we talk about the top row here, Automotive, as you can imagine, the automotive business, there are many macro drivers impacting that industry.

There is emission and CAFE norms, which are evolving. Government is, in fact, targeting 30% EV penetration by 2030. Another big driver is premiumization, which is -- there's more need for higher performance, more SUVs coming into the market and aspirational vehicles, high-performance vehicles.

In commercial vehicles, last mile mobility is becoming a much more important factor as is driven partly by e-commerce and urbanization. So smaller commercial vehicles, more energy efficient and ability to navigate the last mile delivery is what commercial vehicle industry is looking at. So those are macro drivers in the Automotive industry.

In the Industrial business, the government is driving a lot of initiatives to increase local manufacturing, whether it is Make in India, NIP or PLI that is driven by both global macro trends but also the need to increase the percentage of manufacturing in the Indian GDP.

Cement, metal construction sectors are growing rapidly, driven by infrastructure spending, urbanization and rural demand, but also government focused on infrastructure. Railways continues to be a priority for both us and the government as the freight rail is increasing and

becoming more efficient, but so are metros in just about every major city now metros exist, and the Tier 2 cities are now emerging and faster passenger rails like Vande Bharat, which are intercity.

And then finally, even renewables. Renewables continues to be a focus of India. The capacity is likely to double in renewables by 2030 from what we have today. So as you can see, very different drivers in Automotive and Industrial macro requirement.

All right. So as you can imagine, macro drivers in the Automotive and Industrial are very different. Let's now talk a little bit about customer needs, getting a little micro within Automotive and Industrial.

Let's start with Automotive, right. Our customers, which are broadly divided into 2-wheelers, 3-wheelers, Volvo , commercial vehicles and passenger vehicles. And you can see a list of whose who, who are our customers today and have been there in the past also. And each one of them has different drivers.

2-wheelers and 3-wheelers, there is a drive for premiumization, high performance and EV adoption. Passenger vehicles, it's becoming aspirational SUVs, multiple fuel and hybrid options coming in. Durability, safety and reliability is becoming an increasing focus. And in commercial vehicles, reduced logistics cost is the focus, last mile mobility and again, electrification where possible is also a driver.

Our product lines are aligned with similar needs, whether it's the 2-wheelers where we're focused on high performance and fit-for-purpose bearings for EV, for example, are the drivers. In passenger vehicles, it's again high performance, high reliability, so less longer life, more rigidity to ensure a smoother drive in premium vehicles, but also electrification again, where we can supply a set of bearings, which are made specifically for EVs, which are safer and more energy efficient. And similarly for commercial vehicles where smaller commercial vehicles, smaller footprint of our bearing and drivetrain is equally important.

If I now pick one example of this really quick, and then I'll go back to Industrial. If you look at an example here of where, as I mentioned, electrification, energy efficiency is really important, SKF worked with one such automotive OEM where we delivered high-speed ceramic bearings to enhance the overall EV powertrain performance.

It performed much better than competitor bearings in durability and in resisting any kind of electrical damage, which can happen due to DC currents in the EV. So no parasitic currents as they call it, right. It has happened because of our high-speed DGBBs, which is unique to SKF, conductive carbon brushes and our ceramic bearings.

This overall system approach helped us improve the vehicles' energy performance overall. And we moved from more of a competent supplier to overall solution supplier in this particular case. So as you can imagine, through this kind of a system approach through our focus on innovation, driven by a specific customer needs of electrification and energy efficiency, we were able to capture some additional business. This is the kind of requirement that the automotive industry customers have and will continue to have.

If I now switch to Industrial and talk about their needs and what's driving it, Industrial is a mix of many separate industries. As you can see, we serve the drives and the motors. We serve the heavy industries, which includes cement, mining, metals, so on. Renewable industry, which is mainly wind, railways and a bunch of others. And each one of these have very different needs.

The heavy industry is all about intelligent production, which is about Industry 4.0, which is driven to ensure that the plant is maintained at a very high uptime, limited down time, no stoppage in production. So whether you can say steel industry or a cement industry, production downtime is something which really hurts them.

So they want to kind of capture information ahead of time to say how efficiently is their plant performing. Intelligent production is that. Efficiency and cost reduction as these are heavy industries, cyclical in their performance, cost is always a focus.

High focus on sustainability as we all are getting greener in both at the individual company level as well as a country level and then predictive maintenance to again ensure higher uptime. And our products are so aligned. The products you see on the right, I won't go into the details, each one of them, whether it's our bearings, seals, lubrication or our service-related solutions, which enable remote monitoring of these bearings to ensure better predictive maintenance and less downtime.

All these solutions are targeted at the heavy industry. And if you look at the drives and motors, gearboxes, kind of industry, there, it's about compact and lightweight. That's the requirement. Not only that, there is a fair amount of energy efficiency requirement. There's also other requirements depending on the application on less noise or less vibration. There, it's about designing bearings which can run at high speed, but yet are compact, lightweight and a lower footprint overall and yet are delivering the energy efficiency requirements of the customer.

The railway industry is moving towards high-speed rail with metros, Vande Bharat, etc. There, again, passenger experience and safety is super important as is durability because the longer you maintain them, the better the overall cost of owning the bearing is or maintaining the vehicle is reduced.

There, we supply a range of bearings, which again, are highly durable, but we match it up with service and with remanufacturing where possible to increase the -- to lower the overall cost of owning our bearings. And finally, one other example on renewables. If you look at their needs, their demand, they are, of course, in the clean energy environment.

A cost of repairing a bearing, whether it's a main shaft bearing, or a gearbox bearing in a wind turbine is huge. So reliability and longer life is really, really important. There again, SKF offers a really comprehensive set of bearings which ensure this, but also backed with the right kind of service to ensure -- through remote monitoring, we predict any failure before it actually does happen.

And the reason for the failure, whether it is lubrication related or a seal failure or a misalignment, which might have happened. All that helps the customer get a better value proposition. So as you can imagine, again, a set of -- in Industrial, it's a variety of industries, each with their specific

needs, each with their corresponding innovation and corresponding products to serve those needs.

And if we pick one example in Industrial or a couple of examples, I'll start with the Vande Bharat train. There, SKF designed and manufactured the propulsion control and other equipment for Vande Bharat train sets, which provided a much more reliable bearing, safer as well as longer-lasting and less vibration. But not only that it was produced completely locally to ensure that good lead time is available and the cost structure is what is required in a country like India.

If we switch to a completely different industry, the example below, which is around steel. There, with our customer Tata Steel, since this is a public, we can use our customer's name. We developed the first of its kind steel-related bearing -- steel manufacturing-related bearing for their converters, which through its design has eliminated a lot of unplanned downtime, reduced cost and enhanced safety.

Again, the goal in Industrial is to produce high efficiency, low TCO, safe, durable and maintenance-free solutions for our customers. So again, I just thought I'd give a flavor of what are the kind of drivers, macro as well as specific customer needs in Industrial and Automotive.

And if I move to the last pillar here, which is around manufacturing. Obviously, the two manufacturing -- the two entities, Industrial and Automotive, because the customer needs are different and the macro drivers are different, the manufacturing processes also tend to be different. Automotive has a large batch sizes with small and medium-sized bearings. So few customers, OEM customers, but a large number of bearings being supplied to them as the number of vehicles produced is very high, too.

Focus is on automotive assortments and application-specific offerings, with a defined customer base, not a large customer base. Cost efficiency because operational efficiency and economies of scale is very important in manufacturing these bearings. There's also an opportunity for us because these are large batch productions and bearings are small, much more opportunity for automation, less variety.

Now if we switch to Industrial on the right-hand side, Industrial has a very wide product portfolio because every industry is slightly different. And the sizes range from small but a much larger chunk of medium and large also. This requires flexible channels or flexible manufacturing lines to serve the medium and small customers volumes as well as the larger customers, which require the large bearings. We also have to develop many more customized solutions depending on the application, maybe within the same industry itself, there will be multiple applications. Just as an example, within a cement plant, one cement plant there are probably 30 different applications we have identified, each with different kinds of bearings, just one cement plant.

And finally, because there is a large assortment of bearings, we have to leverage not just the manufacturing footprint, which we have within SKF India, but also the regional manufacturing footprint. So it will be a combination of manufactured and traded for SKF India to actually serve the customer demand. So that's the difference in the manufacturing focus, which also is a reason for why this demerger makes sense.

So to summarize, macro drivers are different. Customer drivers and innovation is different; and third, the manufacturing itself, the process of manufacturing itself is very different, what will make us most efficient and help us serve the customer needs.

With that, I'm going to move to the pro- forma financials and hand it over to our CFO, Ashish Saraf.

Ashish Saraf:

Thanks, Mukund. So I'm going to share the pro forma financials for both the businesses, Automotive and Industrial. Please note that these financial statements reported are unaudited and have been prepared with assumptions and with best knowledge available with the management. These financial statements do not represent or guarantee the future performance of both the businesses.

The total revenue of SKF India for financial year '23, '24 was around INR 45.7 billion. And the sales, including exports have been split between Automotive and Industrial as well as profitability has been calculated based on of both the businesses based on certain assumptions.

The fixed assets and liabilities have been allocated between the two businesses based on management estimates and accordingly the return on capital employed has been calculated for both businesses. We believe both businesses will create two focused and stronger listed entities and below future drivers will enable us both companies to drive strong financial performance.

Now I'll talk about the automotive future drivers. If you look at the Automotive driver, I think one of the key aspects would be targeted value-driven product innovations and sales initiatives for low-friction bearing, which is going to address the emission challenges and the safety challenges which the Automotive business is going to encounter. Plus the last mobile connectivity, which is the LCVs, which are light commercial vehicle business, which is going to help us reduce and enable the automotive business to serve the market in an effective manner.

Our Automotive business will continue to work with large OEMs to jointly develop products which are best fit for our market and which will enable us to be competitive and have preferred pricing with our customers. Automotive business will continue to leverage manufacturing footprint in India and continue to expand its operations. Lastly, Automotive business will continue to prune its low profit businesses, look at product portfolio and work with our customers to drive cost reductions, get price increases as well as, in some cases, exit the business to drive future profitability for the business.

As I move to the Industrial business, if you look at, I think one of the key drivers would be value selling. Industrial business is going to focus on upscaling its sales organization as well as the large distribution network in terms of really selling the value of the products to our customers so that we can really drive value to the customers as well as focus on critical applications, which will gives us better pricing and which helps us improve profitability for the business.

If you look at services, the Industrial business will continue to invest in the services business, some of these services like remanufacturing, like condition monitoring, as well as REP, which is Rotating Equipment Performance, will continuously help us to increase the overall uptime of the customer and improve the productivity for the customers where we can get better value.

Industrial business will continue to focus on the overall reach, which is increasing the distribution network, expanding the distribution network as well as investing in the retail channel of the distributors so that we can continue to expand in this market. We will continue to leverage our regionalization as well as localization to drive competitiveness in the market. We are already almost 30% to 35% localized and we will continue to leverage our regionalization and increase our localization in this market to be more competitive.

Lastly, we will continue to optimize our pricing with our customers, continue to prune our customers and we have done -- taken a lot of action in last year and we will continue to do this in this dynamic and challenging environment. These future drivers both for automotive and industrial will help us continue to deliver strong performance for both these companies.

Lastly, I think it's important that we understand that the demerger will not adversely impact the shareholding of the public shareholders. The new company will mirror the shareholding of the existing listed company with each shareholder of SKF India receiving one share of SKF Industrial as a consideration of the demerger. Upon completion of the demerger, the shares of SKF Industrial will be listed on both the stock exchanges.

I'll move to the next topic, which is demerger status and timeline. So, if you look at the overall time line, the overall timeline for demerger is around 12 months to 15 months. We already started the process in last year, Q4 '24. Currently, we are in end of Q1 where we have already received observation letters from stock exchange as well as SEBI and we are in the process of filing an application with NCLT.

We are expecting approvals by end of Q3 from NCLT and we are targeting listing of the industrial business by end of Q4, subject to everything going as per the overall plan. As of now, we are pretty confident of achieving the overall demerger timeline. Thank you. I think with this, I'll hand it over to the host for any questions that we might have from the team.

Moderator:

Thank you very much. We will now begin the question and answer session. The first question is from the line of Viraj from SiMPL. Please go ahead.

Viraj:

Yes. Hi, thank you for the call and thank you for the presentation. First is just a request, I think you've just given a pro - forma numbers for both entities for FY '24, but if you can also give a much more longer historical data, say, last 3 years or 5 years for us to kind of understand the unit economics in each of our business, that will be very helpful. So that's a request.

Just had a couple of queries. In the past, we've been communicating about capex of about INR 150 crores annually and that run rate to sustain for the next few years. Given that both the businesses will now be split, how should we understand the capex spend in each of the businesses for next couple of years. And this is a backdrop of the regionalization, which the parent keeps on talking about, looking at increasing the rationalization rates in India and other attractive markets. So that is one.

Second is on the Industrial business, if I look at our different segments which we participate in the major ones, which we have shown. And if we compare the portfolio of the parent, there are still quite a few categories, applications where we are not there. So any thought process in terms

of how we're going about bridging the portfolio gap and our play in those categories, either in India or globally?

And third is on the portfolio pruning on a price correction part, both industrial and automotive. We have been talking about price correction, portfolio pruning for the last 1 or 2 years. Can you just give us some perspective of how much we have done, where are we in the journey and what more is for the -- if you could just give some color on this?

Mukund Vasudevan: All right. So I'll let Ashish take the question, Go ahead, Ashish.

Ashish Saraf: So I think the first question was on historical data. So again, what we have currently shared is the unaudited financial statements for financial year '23, '24. The historical financial statements would be shared with all the shareholders as a part of the shareholder notice when they are given invite for the shareholder meeting. So we would share the same at that time. Then the next question was on capex.

So on capex, if you look at we have -- historically, we have communicated that we would spend around INR150 crores annually. We believe that both companies would definitely continue to spend around INR 150 crores going forward as well. Having said that, -- currently automotive business is running out of capacity and space.

We are internally evaluating additional investments that we need to make for both automotive and industrial businesses that they can further grow the business in this market. So there would be more investments, but we would share more information once we have detailed information available around the additional investments that we intend to make.

Ashish Saraf: Sorry, what was your third question?

Mukund Vasudevan: Yes, I think on the portfolio pruning, that's more of a financial question, not relevant to the demerger. We'll continue to do that continuously. So I would say let's hold that question for one of our regular investor calls around financials. It's not that relevant to the demerger. It's a regular exercise which we do both on Automotive and Industrial. And we continue to do it. We are seeing results from it. Yes.

Viraj: Just one last question. On the Auto business, as you also mentioned in the presentation, that it's a very -- it's a business where the localization is quite high. There's a large-scale automation already. So when you talk about drivers for margin improvement, this is not really a quarter or year kind of outlook. But if one is to understand on a mature basis, can you just elaborate a little bit more in terms of what is the kind of stable state, mature margin this business can earn?

And what will really drive it? I mean, so when you say targeted value, low friction, what kind of a content change we can see or just if you can just dwell a little deeper because you already have the localization on your side, the utilization is also quite high. So just trying to understand what further would drive the margin?

Mukund Vasudevan: Yes. I think it's a combination of things, right? And the first is there is always room for more efficient manufacturing, whether it be on -- and this could be procurement-related. It could be

the manufacturing process related. The number of bearings you can produce from a line as you get more efficient, reduce the setup times or increase the cycle times, so on, right, or reduce the cycle time, sorry, you can get more bearings out of the same line. There's always room.

And I would say there is opportunity there's continuous opportunity there. I believe the other angle is, of course, both on pricing as well as value selling. So there's opportunities to -- as we improve our let's say, our ceramic bearings as we spoke about, our energy-efficient bearings, we should be able to price that at a premium, because it adds overall value to the customer, to the OEM.

So I would say while the margins are typically relatively thin, we would hope that we can get at least 2 to 3 more points on our EBITDA going forward. So we don't have -- at this point, we're not giving forward-looking statements, but I'd say we would hope that we can do that both on Industrial as well as Automotive.

Viraj: Thank you very much and good luck.

Moderator: Thank you. The next question is from the line of Mumuksh Mandlesha from Anand Rathi Institutional Equities. Please go ahead.

Mumuksh Mandlesha: Sir, firstly, on the demerger side, any thought, I mean other than what you mentioned in the presentation about the opportunities in both Auto and Industrial. Also, do you think being a separate entity now, will there be opportunity to do more M&A or anything on the product expansion line, which can happen? Any thoughts around that, sir?

Mukund Vasudevan: So I can't give specifics on M&A, right? But I can say that's something which because there is more focus in both businesses on specific customer needs and the industry dynamics and better capital allocation possible, I would say it should spur more opportunities on both sides. I can't give any specifics at this time, but it should spur more opportunities on M&A as well as investments. I think the previous gentleman had asked a question around capex. It should spur more opportunity to do capex as well as M&A.

Mumuksh Mandlesha: Got it, sir. And sir, to Ashish sir, any thought -- any decision-making has been taken for the division of the plants or the operations, sir?

Ashish Saraf: We are currently in advanced stage of planning. Once we have more concrete information available at our end, we would share the same with everyone.

Mukund Vasudevan: And just to add to that, I think as Ashish said, we do need more capacity, especially in Automotive, but also in Industrial. So there will be additional investment, irrespective of the demerger, there will be additional investment. And it will probably time well with what we do with our plants also.

Mumuksh Mandlesha: Broadly to say, it would be, capital input would be...

Moderator: I'm sorry to interrupt, sir. Could you please come back in the queue for further questions?

Mumuksh Mandlesha: Sure.

- Moderator:** Thank you. The next question is from the line of Chinmay Parikh from GPSPL. Please go ahead.
- Chinmay Parikh:** My question is, can you give a breakup of exports between Automotive and Industrial? And given all that's happening in the global front, what is your sort of outlook on the export markets for both Automotive and Industrial?
- Ashish Saraf:** Yes. So if you look at, again, broadly, the exports, depending on -- again, we've looked at the historical data and we have kind of split the exports based on to which customers we have supplied those products, right? And accordingly, we have allocated the exports between the two businesses, Industrial and Automotive.
- In terms of future plans, currently, our strategy for SKF India is purely India focused. We are focusing on how we're going to grow our business in the India market. Definitely, we leverage exports, wherever possible. But right now, any expansion plans or growth plans would be predominantly focused on growing the business in the India market.
- Mukund Vasudevan:** And just to add to that, right, the export portion is relatively small right now. And so -- and we see enough opportunity in India. And so our focus, as Ashish said, is going to be on India on both the businesses.
- Chinmay Parikh:** Okay. Thank you.
- Moderator:** Thank you. Ladies and gentlemen, this will be the last question. It's from the line of Krupashankar NJ from Avendus Spark. Please go ahead.
- Krupashankar NJ:** Just one question. I wanted to understand the estimated Gross Block split between the 2 segments, if that is available. And given that you had highlighted that about INR 150 crores of capex would be incurred, are you revisiting is it going to be INR 150 crores for each segment? Is that how you plan to incur it going ahead?
- Ashish Saraf:** No. So the INR150 crores capex investment is all put together. That's the historical spend that SKF India has done, right? So that's what we are saying that we will continue with that investment. Having said that, we are looking at additional investment opportunities for both the companies, right? Coming back to your initial question sorry I forgot, what was the initial question?
- Krupashankar NJ:** Gross Block split.
- Ashish Saraf:** For the Gross Block, again, we are still in the process of finalizing -- our assets allocation between the 2 companies. So that is -- because that's predominantly manufacturing that we are working on. Having said that, manufacturing, given that Automotive is more localized, there are going to be higher assets and gross block for Automotive. And that's where you see that the return on capital employed for Automotive was slightly lower than Industrial.
- Krupashankar NJ:** Okay. So if your calculation on the capital employed on which you calculate the ROCE, is there a proportion of Gross Block of that capital employed, anything indicative which you can give us?



Ashish Saraf:

Yes. So I think let's wait for the additional information because a lot of these things are currently under discussion, right? So we don't want to share a specific number with you, I would say just wait for a couple of months. I think once we have the final decision on the infrastructure and the allocation, then we would be able to share more information around this.

Krupashankar NJ:

Thank you.

Moderator:

Thank you. Ladies and gentlemen, since the call duration was for 45 minutes, that was the last question. On behalf of SKF India Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

(This document has been edited for readability purpose)