

Schaeffler India Limited · Pune · Maharashtra

**BSE Limited**

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**Company Code: 505790**

**National Stock Exchange of India Limited**

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**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 September 12, 2025.**

19/09/2025

Dear Sirs,

With reference to our letter dated September 9, 2025, please find enclosed the transcript of the Analyst/Investor meet held on September 12, 2025, for your information and records. The same is available on the Company's website - Disclosures to Stock Exchanges | Schaeffler India

Phone: +912068198464

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**

“Schaeffler India Limited”

September 12, 2025

**SCHAEFFLER INDIA PARTICIPANTS:**

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

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

**MS. GAURI KANIKAR – HEAD, INVESTOR  
RELATIONS**

**Harsha Kadam:** I know we should spend more time with you. But you know our focus is also to ensure that we generate the value which is more important for you. So, we are busy with always focusing on our performance. In a way, let me assure you that whatever we do is to generate that value which ultimately is going to benefit both of us. And without further ado, how do you want to go ahead? It's just a Q&A, right?

**Questioner:** Hi, thanks. Sir, could you just talk about your medium-term plans in terms of localization? We understand there's a large expansion going on. You've said you'll be doing a capex of INR 500 crores a year, over the next 4-5 years. So, what is the plan in terms of manufacturing and localization over the next 4-5 years? How are you looking to spend that money?

**Hardevi Vazirani:** Thank you so much for your question. So, in the last three years, we invested close to INR 1,700 crores. And we see that the capacity utilization has gone up for the locally manufactured products. And we see this year, so far, the localization ratio has gone up, inching very close to 79%. So, whatever is our sales, 79% of that is coming from our manufacturing plants in India. This ratio just two to three years back used to be around 74%.

So, it has improved, and it is clearly visible that it is paying off. And also, you can see that due to localization, the EBITDA margin has gone up. Because within those investments, we have backward integration, land and buildings, a lot of margin improvement projects and relevant investments. So, all in all, localization is leading to top-line growth as well as improvement in the operating margins.

And going forward, we want to continue working on this. Because we still have in our total portfolio, 60% is bearings and 40% is non-bearings. In the non-bearing space, localization ratio is close to 90%. But in the bearing space, we have still opportunities to improve the localization ratio further.

So, the investments will continue to be made in that direction to improve localization. However, the cautionary statement is we have to look at the volumes. There have to be economy of scale to invest further into bearings. While on the other side, in the technology piece, in the EV space, e-axles, automotive technology products, the investments will continue to happen.

**Questioner:** If we can quantify, how much do you need to spend from a next two, three-year perspective on analyzed basis?

**Hardevi Vazirani:** Well, the current year looks at close to INR 400 crores of capex and almost a similar amount we see next year. However, the group CEO was here. He has clearly announced that the total investment in next five years, up to 2030, will be close to INR 4,500 crores.

**Questioner:** I have three questions. One is on your e-Drive and e-Axles. What is the kind of localization that you have here? What's the growth visibility? And what's the range of vehicles that you supply? I mean, can you go up to start from two wheelers, three wheelers to four wheelers? I saw the presentation talk about the Harrier EV. And can you use India as an export base to make these e-Axles and e-Drives in that sense? That's the first question.

The second question is about your industrial bearings and the growth thereof. Can you use India as a hub for any product lines or some verticals? And use it for exports because India has a clear labor advantage even though the productivity is a little lower. Labor advantage over its peers.

And finally, the last question that I have is the aftermarket. Is it a distraction or what do you see in the longer term as to what kind of earnings you can make? How would you monitor the inventory, debt stock and all these things? The headaches of the aftermarket is something which you need to be very careful about considering that you have been OE supplier throughout.

So, if you could probably touch upon these three points, I would be very happy.

**Harsha Kadam:**

So let me start with the first question and let me reverse the order a bit by starting with what we already have in hand. And that's the Tata Harrier's business win. Our primary offering is the e-axle there. And as you must have already seen in the news, the offering is going as a primary powertrain, meaning that's what drives the vehicle. And that's what we offer, and it encompasses the electric motor with the gearbox and the power electronics to manage the performance.

So, talking about localization, we very well have it in our strategy to localize going forward. We have already started to localize some part of the production process. We have started off with first integrating the parts in India, correctly now Pune plant and testing it, qualifying it and then shipping it out. So that investment is already in place and it's already up and running.

The phase two of the localization is underway and hopefully by mid next year, wherein we are going to now bring in the parts to start the assembly of the e-axle. And to that extent, our development of the supply channel with Indian suppliers is already underway. We have started to work with credible supply partners in India.

So that the final intent obviously is to produce the entire product in India. However, to make the entire e-axle in India, the investments are pretty large and hence we are doing it in a phased manner. And we also need the commensurate volumes, which today don't exist in the Indian market.

As you know, the adoption of EV technology or electric vehicles as a percentage of the total vehicles produced is still not at 5%. So, the optimum volumes required for us to make an entire production line investment today still do not exist. But I am sure it will get there, and we are accordingly aligning our investment strategy to follow that. So that's the first part.

The second question was to your industrial. Is India the hub for producing certain specific parts? I would say yes. There are portfolios, particularly in our bearings portfolio. Certain range of bearings like the cylindrical roller bearings, India has become the hub globally.

Not just from a manufacturing point of view, but from an engineering and design and development point of view as well. So, we do that here and production happens and a lot of it gets shipped out. We do that.

**Questioner:**

And what about INA?

**Harsha Kadam:** INA was a product brand name, but well, it's not the name, it's the product that's important. And we have started to do that.

CRB was erstwhile FAG by the way. And the third was the aftermarket. Is that necessary evil? Have I got the question right? I would say it's a necessary opportunity for us. Why do I say that? Because the aftermarket presents us with good margin business. Yes. Both in industrial space and in automotive space. So, we have the vertical in both the areas. And we need that more from the end customer need.

What do I mean by that? If you roll back to 2020, the regulatory laws that changed in terms of emission norms, everyone had to move from a BS IV to a BSVI. Bharat Stage IV to Bharat Stage VI. Tighter emission norms determine that. As a result of that, our product offering had to change. Engineering wise, we had to go back, redesign the product and start to do, which we have done.

Now, as you know, the aftermarket business always has a lag period. Since the time a vehicle gets sold and the vehicle starts to come back to the garage for a repair, there's easily a 4 to 5 years lag period today. And that is beginning to happen now.

Correct. As a result, the BS VI products which we sold to the OEMs now needs to be fed to the aftermarket. So, it is a necessary thing we have to do as a responsible manufacturer. It's not just feeding the OEM and then saying I can't do this in the aftermarket. It doesn't work. We have to service the vehicles which were already fitted with our products. So, you need to be in the aftermarket as well.

**Questioner:** The other question on the range of your e-axles covering 2 wheelers, 3 wheelers?

**Harsha Kadam:** So, as I said, I took it from the top. Why? Because we already have a businessman. And we now have the competency and the capability in the Indian market to design, develop, produce and offer it to our customers. So, as more opportunities present, we will continue to participate in those opportunities.

Now, if you were to look at the segments, 2-wheelers and 3-wheelers definitely is very clearly, you know, it is available for us there. We are working on the strategy as to which of the players, which of the customers we want to, you know, start to bring our offering in the 2-wheelers.

What we see is today in the 2-wheeler space, one important difference. Unlike in the passenger cars. And that is every 2-wheeler wants to make their EV technology in-house. Whether it is an Ola, whether it is a TVS, whether it is a Bajaj. Everyone is making their own technology. They develop it.

They manufacture it in-house. Which is something different from what we have seen in the passenger vehicle. Because in passenger vehicle, the Tata win which we have got, Tata is playing the role of an integrated operator, which is good. Because we are specialists in this core technology and we are able to give it very quick, you know, development times, faster development times. So, that is something we want to see a metamorphosis happening in the 2-

wheeler and the 3-wheeler space. Correct. I am sure it will come. It is a matter of time. When it comes, we are ready for that as well.

**Questioner:** Thanks. Sir, just coming to the comment made by a Group CEO as far as INR 4,500 crores of capex over the next five years. Probably, it will turn out to be almost INR 1,000 crores each year, given that 26 will not be such a large one. And broadly, a two times asset turn is fair enough to estimate in your business. Is that the right estimate?

**Hardevi Vazirani:** Generally, yes. If it is only towards the capacity. So, one has to be careful. If I am localizing the already traded part, then you will not see that in the top line. And also, if I am making investments for backward integration like roller localization or any other part localization, then you will not see it in the turnover. But generally, the formula is 1:2. But only for the finished product. And not for the localization, land and building and all of that. That does not translate. If you exclude all this, then it is 1:2.

**Questioner:** Okay. Because where it is coming from, ma'am, is if you broadly look at your individual products, bearings and auto components, your market shares are fairly decent. If you look at it from that perspective and market broadly in those segments grow at 7% to 8%.

It is not that the growth is like 15%, 16%. But if we convert this capex into revenue growth, then you have to either increase your market share to a higher level or new products or exports have to be the other driver. So, we are just trying to understand what can be the contours of that. That is the only way we are just trying to triangulate from that perspective?

**Hardevi Vazirani:** Yes. So, we do the same. So, we make the pie of this capex how it is done. And we derive the numbers. So, purely when I look at the capacity investments, then it is 1:2 works fine. And this we were actually making rough calculations that the INR 1,700 crores of investments that we made, it has already translated.

Now, INR 1,700 had large part of land, building, Shoolagiri, all of it, backward integration. But currently, we are having incremental sales in last three years of INR 2,800 crores. And thereby, the localization ratio has gone up to 79%.

**Questioner:** But any new products in this new, because if you just go back to your con call about couple of quarters back, you were in a mode of slowing down of capex because you really wanted to optimize the capex that you have done. And from there, we suddenly get a signal from your parent to increase the intensity of capex. So, is it new product innovation or furthermore export opportunities? Just some thoughts that would be helpful.

**Hardevi Vazirani:** So, new product, yes. We have now Dual Mass Fly Wheel. We have planetary gear. E-axle, also big investment. Because we are also here, also we are going for backward integration that is the process localization.

So, all these investments in the future years will gear up further. And e-axle specifically, as Harsha mentioned, that we are waiting for the economy of scale to bring the complete line. And if we bring the complete line, that line itself would be pretty expensive, like INR 200 crores

worth of line. So, which, but for that we need economy of scale, but that has to come by 2030 as the country looks at the EV penetration of close to 15%-20%.

**Questioner:** Sure, sure. Sir, one other question is on Vitesco. It's been some time now. How should we look at your integration and any thoughts there?

**Harsha Kadam:** We are already integrated. We are generating business already as a company because, okay, let me clarify. You know, there are two aspects of the integration. One is on the business side and the functional side. So, we are already working as one company.

Myself along with my leadership team are responsible for the management of the entire India sub-region, which Vitesco is one part of it. Okay. So, the recent business wins that we have secured, particularly on the e-mobility side, battery management systems, which is purely electronics part, correct, with some software lines embedded in it, has come from the Vitesco side. So, collectively together, we already started to work together to secure. So, that integration is, I am sure, more important than the...

**Questioner:** On paper integration?

**Harsha Kadam:** Yes.

**Questioner:** Okay. But, you know...

**Hardevi Vazirani:** But for the customer, it is Schaeffler now.

**Questioner:** It is just one... Yes, one face to the customer. So, because the other thought, you know, was that when Vitesco comes in and you are a mechanical company, we didn't do electronics. So, you're tiering as a supplier improves. So, if you are a Tier 3 supplier, you move to a Tier 2 or Tier 1, hence the pricing power. Where are we in that journey?

**Harsha Kadam:** The thing is, first the market needs to be ready. So, EV market today, if you look at what is the adoption rate of EVs in India, it is still in single digits. It is not like what China did or what Europe did, correct.

But nevertheless, the good thing is we are here. So, to be fixated or rigid and say that, look, we only will do a system level offering like e-axle, would not be the right decision as a strategy. So, while we have business wins, we will play the system game, but nothing is stopping us from also playing the component level supplier.

So, we might even become a Tier 2, doesn't matter. What matters is what is the value I bring to my customer period. And is that adding value to my growth story and to the stakeholders? If that is a yes, we are doing it. Just to allude to one of the points which you said, talked about the capex investments going forward. Localization definitely is one of our strategies.

And when we localize, are we going to gain market share? It gives us an opportunity because we become now more competitive making it locally. So, there could be possibilities and potential opportunities to increase market share as well for us.

**Questioner:** Thanks. Just two questions, just to continue with the capex bit. What are the funding plans here? Would it be largely internal or are we thinking of any kind of external funding for the capex? Second question here is, today in ICE, we are almost 35%-40% of our vehicle in terms of our exposure. When we look at this capex of INR 4,000 crores, and if I take into localization here and assume 100% of India's market becomes EV, it's a pretty long-term question, but 100%. What exposure are Schaeffler India looking at in an EV from our perspective? How much of this INR 4,000 crores goes to achieve that?

**Hardevi Vazirani:** Investments so far, like last year, I have been with Schaeffler for 34 years and I have never seen Schaeffler taking the external funding to invest. So, it will do from its own generation, that is sure.

**Harsha Kadam:** That was to do with the EV part, right? Yes, but that looks far-fetched, at least in the near term. Because our market research studies and reports even today show an optimistic adoption rate, not more than 20% optimistic, realistic somewhere around 15% by the year 2030-2032.

So, I guess 100% we are still far, far away. And to start to strategize and plan investments for that, I think is not going to make sense today. What we are doing is, for 15 years, yes, we have started to do, as I said, this strategic acquisition of Vitesco was the first step.

Because without that we couldn't play the EV game in a proper way, not at a system level. We would have still remained as a mechanical component supplier, which we have now broken the ceiling. So, that's the first step which is ticked, done.

Now, what's important is to work with customers, which we are doing very closely, to secure new businessmen, new projects, as the electric vehicles start to come out. We already tasted the big success into system level. We have already seen a lot of opportunities at the component level.

And Vitesco is also already playing in it, which by default is now we run that business. So, whether it's pure electronics offering or pure electromechanical offering, electronics and mechanical offering, software is coming in. Ultimately, now our bandwidth of offering has increased dramatically, which is value enhancing.

And from a customer's point of view, also we are now being considered as a very strategic partner, because now we have the entire bandwidth to play with, which was not there. So accordingly, as I already said, there are two things required.

One is the localization and the local manufacturing capacities. I did talk about, we are already investing in a phased manner. Two is with the acquisition of Vitesco. Vitesco already has a plant in Pune, making a lot of the engine control units, the sensors, the electronics. Their portfolio is only that. So, that is already with us now.

So, from a manufacturing standpoint, for the electronics side is not an issue. We already have it by way of this acquisition. That's the second. And the third is to locally design, develop going forward, whether it's electronics or whether it is an e-axle.

We also have a very strong R&D competence center in India. So, Vitesco already had a R&D center in Bangalore. As I am speaking, close to 910 engineers are working there. A lot of work they do for Germany, of course. All the BMWs, the AMGs, the Mercedes. But now they have started to work for India as well.

So, our recent business wins, a lot of it is now because of the design that is being done here. So, as the market begins to evolve and grow, I am sure we will be able to leverage the competencies we already have, whether it is design, whether it is manufacturing, both. So, that would be my answer.

**Questioner:**

Sir, I have three set of questions. All three are actually pertaining to the parent, but the implications for India. The first is the e-mobility part. When we look at the global numbers, the e-mobility business is almost a EUR 1 billion of EBIT losses on an annual basis. Is it mostly coming because of Vitesco? And hence, is it something similar which is there in India as well?

Second is the recent demerger of the group company Conti globally on the automotive and the tyres business. Is there any kind of an overlap between the Schaeffler and the new automotive business? Or are there any synergies to be had?

Third, I think I have asked you earlier as well, the global market cap is around \$5.5 billion. The debt is around \$8 billion in the Schaeffler group. And India market cap is around \$7 billion. And there is a 74% ownership. We have seen, at least in the last two years, a lot of MNCs trying to use the India market cap as a currency. And given that there is a leverage out there at the parent level. So just how they are looking at it?

**Harsha Kadam:**

So, we are going to start with the first one and to recap, sorry, your third question kind of over-dominated my thought process. So let me take the middle one, that's easiest. The Continental part of it. I think except for Mr. Schaeffler owning equity into that company, there is nothing much for us at Schaeffler. We have no stake in it. We have absolutely no overlapping, no impact whatsoever.

So what they have done is their strategic direction. So that's the best I can say. Good, bad, ugly. I think it's for them to decide. The market will tell. So I don't think I have any comments here. The first one was on the e-mobility. The e-mobility and the financials, right?

Well, I see it this way. Do you want to look at the glass as half full or half empty? I see it as glass half full. The Schaeffler Group acquired Vitesco and took the burden of that. It's carrying the burden. And I'm enjoying the benefits because by virtue of that acquisition, we are able to play a stronger game in the market here in India, right?

So, I see it as an opportunity which has happened. Now, if your concern is what's going to happen to the debt there, well, that I'll have to go back and check with our Group CEO. Correct. But as of now, I don't see any concerns on that front. Would you want to comment as a CFO?

**Hardevi Vazirani:**

Schaeffler was sitting on a EUR 12 billion debt in 2009. And then Mr. Rosenfeld came in from Dresdner Bank. He's a banker. He knows his game. So at least at the Schaeffler Group,

employees are not worried about this debt at all. Talking about the losses in e-mobility and whether we have that here as well? No, we don't have.

We have ensured that it is breaking even in the very first year of its operation. So the e-axle sale that we are doing to Tata is not leading to any negative impacts on us, because the development costs are sitting in Germany. And this is what, for the whole globe, all the e-mobility development costs of dozens of new products are sitting in Germany. And that's why you see e-mobility loss there and not at our end.

**Harsha Kadam:** If I can add, I think we should be grateful for what they have done, honestly. I mean it. Because if you go back in history, let's say even a decade back, Schaeffler was purely a mechanical product company.

And from there to move into electric mobility and now into electronics and software, it has been a journey where this competence and knowledge can come in only quickly by way of acquisitions. And over the years, there have been a number of acquisitions. Vitesco is the big one. But behind it, I think there were at least four to five other companies we acquired. Statomat was one. Compact Dynamics was another one. Fundamentally, we had to learn the art of designing, high power density motors.

Because if you want to get into the e-mobility space, the motor is the starting point. And we didn't even know what it was. So all that debt what you see is over the years. And that is more than a debt. It's investment that was made. And today, if in India, in Korea, we are able to play the game on e-mobility much faster, much quicker, it's because of the investments they made. That's the way I see. That's why I say it is a glass half full.

**Hardevi Vazirani:** Just the last one, whether the group wants to leverage the valuation of India, we would also want that. But Mr. Schaeffler said the day we do that, he said very clearly, he came to India to inaugurate Shoolagiri plant. His statement was we are not in that desperate situation. The day we do that; it will be for growth of India. So there will be inorganic growth in India for which, of course, we can do the same.

**Harsha Kadam:** I can vouch for various forums. I have heard that. No, this is India's growth. India should reap the benefits, the valuation, whatever it is, flow it back into India for India's growth, which is very heartening. So I don't think that should be the least of your worries if there is any at all.

**Questioner:** The first question is related to the content per vehicle, specifically for two-wheeler ICE and PV ICE or hybrid. So what are the regulatory tailwinds which you are witnessing or which could come in the near future, which could help on the content per vehicle?

**Harsha Kadam:** Sorry, I just need a clarification. Is it for the two-wheelers or the PV?

**Questioner:** Two-wheelers and PV both?

**Harsha Kadam:** I need to address this separately. Let's talk about the PVs a lot easier. So currently on the PVs, first thing, the content per vehicle was a metric we were using when we were just into, IC engines. E-mobility was not even on the table at that time.

So that was kind of a high-level indicator for us. Are we in the right strategic direction? Are we adding new products? Are we moving from a component to a subsystem level? So this indicator helped us and it has helped us by the way.

But it is not a primary strategy for us. So our strategy is not that we have to raise the CPV. That would be an inaccurate strategy. What is important is what do my customers want? What are my core strengths?

So CPV becomes an outcome. It becomes a mathematical outcome, simply put. Second, the CPV when we instituted was a measurement for IC engine. We had a set of products going into the car. And if you see the denominator captures the entire population of the vehicles produced. Even if I am not supplying, I need to factor.

How do you measure it when the EV comes into play now? So it is a very difficult way to measure. Why am I saying that? In an IC engine, if I am just giving a component, I am in double digit, my value. Probably three digits. In Euros I am saying, not in Rupees. But the moment I move to EV, it moves into the four- or five-digit category.

So the value of the product of my offering is dramatically shifting. More zeros are getting added there. So my content per vehicle by default goes up. So our strategy was to focus how do I move up the value chain from component to subsystem to a system level. Because that is enabling me to keep adding zeros rather than put my strategy on CPV. So that would be my answer.

**Questioner:**

And for the two-wheeler, how do we see the content? Because ICE would definitely be a large part for us. And there is a regulatory change which is likely to happen in the ICE?

**Harsha Kadam:**

So if you see the two wheelers today, the base is large. 20-24 million two-wheelers produced. And the adoption rate of EV is also pretty high there as you can see. Almost close to 20% is what we are talking about now. It is increasing by the day.

Regulatory changes. This is something we have done in the past. When the emission norms got tightened up. So we were able to re-engineer our product and go back to the two-wheelers. So that is not a problem on IC engine I am saying.

So even when Bharat IV moved to Bharat VI as well. We were able to quickly re-engineer our products. Make sure it complies with the new norms. And we were able to get back into the game.

Even when technology moved, market shifted from diesel to petrol. 80% diesel overnight changed. So that would call for a shift in very different products. Because the same product doesn't go, what goes in diesel doesn't go in petrol.

We were able to agile enough to move there as well. Because we already had the competency with us. So the shift, whatever comes in the two-wheelers, we are prepared for it. And we are already working towards that.

**Questioner:**

So for this ABS also would we be beneficiary?

**Harsha Kadam:** Well ABS as of today we are not offering anything there as such. See main portfolio in two-wheelers for us today in the IC engine is bearings. What we offer, all kinds of bearings. Whether it is needle, whether it is ball, whether it is cylindrical, whether it is taper or in the steering columns. So we offer all of it. So we are strong there.

And our core strength is more on the engine and the transmission side of it. Which is good. Of course, electric is a different ball game. Now that is where we are getting our strategy around. What should be our offering here? Do we go with the same approach what we did in the passenger vehicle?

E-axles. There is no concept of E-axle here. It is just a motor and probably a gearbox which goes in. But the dynamics are a little different in this market. What do I mean by that? If you look at all the two-wheeler players, they all want to make the entire EV technology in house. Everyone, including those who are making IC. Whether it is TVS, whether it is Bajaj, whether it is Hero, you find them making their own motors in house today.

Whereas the passenger vehicle was more, what should I say, I don't want to use the word risk taking, but I would say they were more experimentative. They wanted to play more the role of integration, which is good. So two-wheeler market is a little different. So that is one of the reasons we were far ahead in PV than in two-wheelers, electric. But I guess the time will come where we will bring that also to the market.

**Questioner:** And one more question that is related to the GST. So when the GST was introduced, specifically in the bearing front, in the aftermarket, we saw a good jump across the industry because the unorganized market was quite large. And it still continues to be there. Obviously, the unorganized has come down because of the counterfeit products. Now with the further GST rate cuts, do we see more traction coming in?

**Hardevi Vazirani:** More traction in the sense that the demand will come up right now. There are a lot of questions whether on 22nd September, whatever stocks are there, you have to change the MRP. And there are a lot of queries.

But I think it will stabilize. It will take a little bit time as per our opinion. The intention, Diwali, Dhamaka is not happening because still the whole supply chain, the goods which are in pipeline in winter, they are all confused right now.

And we feel it will take a little bit more longer time to see the demands increasing for the products where the GST has reduced. Otherwise, for us as manufacturers, on the credit and debit put together, there is no effect.

**Harsha Kadam:** On the same point, just to add, this is a good step what the government has done. However, I think the timing could have been a little better. Two months earlier, I think that would have given enough time for the industry to put its act into place. With the festival season around the corner, now it's very confusing. Can you pull it off? Will the market pick up? It's becoming unpredictable now. Two months earlier, I think it would have just taken off with a bang. That's purely my reading.

**Questioner:** Can you get into other modules like EPS and things of that sort since you have the motor technology?

**Harsha Kadam:** Yes, surely. That's already in our portfolio. The E-clutch is in our portfolio. EPS is in our portfolio. So, rear wheel steering is in our portfolio. So we have the entire gamut of it. It's about what the Indian market wants, ultimately, okay.

The technology exists. Products exist. It's just a question of the need from the customers. We have started to showcase our capabilities there. Yes, so as and when I think the E-clutch has been pretty well received.

Commercial vehicle manufacturers in India have been asking why can't we develop the E-clutch because, you know, driving a truck is a lot more challenging. So, they would prefer to have E-technology coming in there. So, definitely.

**Questioner:** Does that work?

**Harsha Kadam:** Well, you don't have a mechanical -- you think you are shifting, pressing the clutch with your foot. And today, there is a mechanical lever or a hydraulic system that works. But that's done away with. There is an electric cable which gives a signal to the clutch to shift.

**Questioner:** By wire?

**Harsha Kadam:** Exactly. But, Yes. By wire, you are right. That's what it is all about. Sorry.

**Questioner:** Yes. Thanks. So, just two questions. Again, more from a medium term, 3 to 5-year perspective. Right? Like, one is on the hybrid side. Because it seems like, I mean, you are already supplying to the main Japanese OEMs who are into that market. But, I mean, we have seen like some announcements from like Kia as well in terms of launching. And now we are hearing Mahindra also potentially.

So, I mean, that looks like a much bigger market given the café targets are there and EV penetration is not going up as fast. So, just if you could just talk about the plans there in the next 3 to 5 years. Is there any significant localization we are looking at?

And also, if you could give us a sense of what sort of content per vehicle do we have in that segment. So, that was the first question. And the second one is, again, on a 3-to-5-year basis, how do you see the potential for the railway market in India for yourself?

**Harsha Kadam:** Okay. So, let me start with the hybrids. Yes, India is a heady cocktail with IC engines, hybrids, EV, and now the new buzz word is range extenders. So, it is going to be a very interesting market because it poses a lot of challenges for manufacturers because there is no one technology. Everyone is trying to find their space.

Hybrids, yes, we do have success stories already in India, Yes. We have been offering already. The Japanese players are primarily driving the hybrid technology in India. And that said, we definitely have our portfolios, whether it is pure mechanical gearboxes, planetary gearboxes,

which we are already doing. There are quite some other solutions as well, which we have already started to even locally produce them. So, that is happening.

Talking of, is this going to grow big? What we see and our market research reports say, hybrids, definitely the Indian consumer is finding it attractive, Yes. Although it is an additional weight, which pulls down the fuel efficiency, much as it will add to the fuel efficiency, it is a weight -- an additional weight because you still have the IC engine and then you carry the hybrid weight. So, it is not going to be like, there is a price that you end up paying for it.

So -- and that comes at the cost of your boot space on the vehicle because it has to be put somewhere. Some space is eaten away already. So, there is always a give and take. Now, that said, certainly the hybrid Indian market seems to be loving it, the consumer.

And so, we believe, our research reports show, I think in the next 5 to 6 years, more or less even hybrids would enjoy equal share of the cake, as much as the EVs would be having. So, more or less. So, that is the first.

Was there a question on the hybrid? Content per vehicle, sorry. Yes, as I said, the content per vehicle, you know, is on the total vehicle population or the productions that you always take. So, how can I just isolate the hybrids and do it? I think it does not make sense.

**Questioner:** But it is like in a few hundred dollar range?

**Harsha Kadam:** Oh, certainly. As I said, you know, as you move away from a component to a system level, a subsystem level, this is a subsystem offering, right? So, obviously, your value of offering goes up, from two digits to three digits. It is bound to happen.

**Questioner:** What's your current exposure of two-wheelers in the overall portfolio

**Harsha Kadam:** About 5%, I think, 5% to 6%.

**Gauri Kanikar:** If you look at within the industrial business, two-wheelers and off-roads put together would be in the range of 20% to 25%, if you look at it on a CY basis.

**Questioner:** Okay. That is industrial business is 40%?

**Gauri Kanikar:** Yes.

**Questioner:** So 10% is...

**Harsha Kadam:** Yes, all these combined, sectors combined. Sorry, on the railways.

**Questioner:** And on the railways ?

**Harsha Kadam:** Yes. The other question was on the railways. What we are seeing in railways is, the railways as a sector is transforming now. Obviously, with all the push from the Indian railways, particularly on three parameters, which they are clearly focusing their growth strategy. Safety, obviously, is one of them. Reliability is the second one. And comfort and convenience is the third.

As Schaeffler, where are we competent enough to play is on the reliability side, Yes. So, that's one. The other strategy which the railways has been aggressively driving is on the conversion of their existing diesel engines to, or rather, 100% electrification, as they call it. Correct?

That is where, when it comes to our own offerings into the electric locomotives, we are strongly positioned. We manufacture a lot of current insulated bearings here in India. We were the pioneers. We have been doing it. And that's a strong play we have in the electric locomotives.

Talk about the reliability. There can be -- there are opportunities there as well to bring in our digital solutions in terms of sensing and condition monitoring on board. Now, if I were to go down to the pure mechanical product, which is bearing, correct? There, what we are seeing is the passenger locomotives is something that is really transforming now with the Vande Bharats coming in.

What is that doing to our product portfolio? The demand for higher speeds and better performance is coming in. So, obviously, the current category of products is going to graduate to the next category of product, which is where the performance requirements are more. And that's happening already. We are beginning to see it. More will happen going forward.

And fortunately for us, our product offering, the next product, which is the Class K, as we call it, is approved, Yes. So, as the railways begin to implement Class Ks, we will be one of the important players in this product space as well. Freight cars, we still see legacy technology there, prevalent today, which has been old freight wagons.

But I am confident that even the railways would have to upgrade the freight cars, whether it's in terms of load-carrying capacity or in terms of speeds. That has to change. The DFCs, or the Dedicated Freight Corridors, were exactly supposed to go in that direction.

But I think the DFCs are kind of sluggish. They were not done -- picked up the speed at which it should have. So, freight is an area where we believe also is an opportunity. As the requirements change, the performance requirements change, I am sure we will be able to compete better on the railway side as well. That would be my answer.

**Questioner:** On the wind side?

**Harsha Kadam:** Wind. So, the wind is a very unique market for us. The wind turbine manufacturers in India, almost every brand in the world is there today. They make the wind turbines here. Whether it's the Americans or the Europeans, you will find them here. Even the Chinese, for that matter.

But what's happening is, 80%-85% of the wind turbines produced are exported by them out of India. So, the consumption of domestic is just about 15%-20% max. So, however, we don't differentiate whether it is domestic consumption. For us, it's a sale. So, we -- the other can be called as deemed export, but we do it. That's first, the segmentation.

The second is the stratification in the wind segment as you see. The flagship models used to be in the 2-4-megawatt turbine capacity, which we are seeing now, the demand for beyond 4

beginning to happen. 6 megawatts have started to come in. And all indications are it is likely to go even 9 and beyond as well, okay?

And all of this is only onshore, okay? Which means turbines put on land. If you're going to go to offshore application, which in India it's still not coming, there is some sample and tests that are being done off the coast of Gujarat. The turbine capacities easily would be 10-15 megawatts because the equipment is at a greater height. The wind speeds are at much higher, so you, obviously can generate more power. That's the technological aspect.

So, for us, what does it mean? So, up until the 4-megawatt capacity, we have been manufacturing the products in India. And we have clear strategy there as this market transitions to higher capacities. Obviously, that would mean we have to start manufacturing larger size or larger diameter of bearings for the wind application. And we are strategically gearing up for that already. So, the investments question which we talked about earlier, some of it is for the wind as well. Yes, so that is where we are heading towards now.

So offshore is still a long way to go, India, right? But then offshore, the potential market is huge because we have a long coastline. But again, it also comes with high capex. So, it all boils down to how the market will evolve.

**Questioner:** Have you gained market share in this wind segment? And can you highlight, since you have done so much capex in the last few years, which are the segments you have gained the market share? Because your growth is much higher than the previous one.

**Harsha Kadam:** In the wind, you mean?

**Questioner:** Wind and other segments as well.

**Harsha Kadam:** So, wind, we enjoy a very strong market share. Okay, and because we mainly supply two applications in the wind, gearboxes and the main bearings. And in certain cases, the generator as well. So, we have been working very closely with the gearbox customers, whom we have. And yes, our products are all over the world now. What we make in India is all over the world.

But apart from that, right now we have not added any more, but because these two are the more critical applications within the wind and we are there very much.

**Questioner:** are we there?

**Harsha Kadam:** Yes, we are there. We do supply General bearings that go into, we are already there.

**Questioner:** When you are referring to Class K, it is for DFC, right?

**Harsha Kadam:** Class K is for the axle boxes in the bogies. Sorry, I thought there was a question there?

**Questioner:** Yes. Maybe a very basic question. Let's say from a raw material point of view, right? Chrome steel, I mean, the high-grade chrome steel that we use, right? Maybe 52100. And if I try to compare the prices for this, the main raw material for us from China versus India, what maybe a Sanyo and 2-3 guys are kind of supplying in India.

There is a huge gap, right? Maybe INR 80-IN R85 per kg from China. And again, maybe INR 135-INR 140 in India, right? And currently, all these imports being kind of banned, right? From an Indian government point of view from China. So, how do you see particularly the core bearing capex? I mean, going ahead, the capacity that we are adding.

Even the same question is for Timken as well. And so, are we kind of building in this ease of supply chain from China? We will have some solution maybe from a government point of view. Or else, we are building in another player, I mean, as an industry?

**Harsha Kadam:** So, first and foremost, we don't buy any steel from China.

**Questioner:** Yes, I know.

**Harsha Kadam:** So, a lot of our steel is sourced in India. Some of it is because of the special category of steel. That's, we get it from Japan, some from Korea. That's it, okay? That said, there are, with the new changes which we are seeing by the Ministry of Heavy Industries, where they are specifying that even those steels that are being imported needs to be sourced locally.

So, the question comes, why am I still importing from Japan and Korea? It's because some of the products, the components that go into the products, are very critical in application. And we do not find the quality specs, still up to the mark in India. And we've been working with Indian suppliers to get them up to speed.

What we see is, while they are able to reach those demands in terms of quality, consistency is not there. So, which means there could be a batch-to-batch variation. And that is, makes us nervous, because in our product, in a bearing, the critical components are the rollers and balls, and we cannot afford to have a failure there. Not even a failure. So, there are still some risk elements. So, we've been in constant discussions with the ministries to tell them, hey, the Indian ecosystem is not yet ready.

**Questioner:** Yes.

**Harsha Kadam:** While rings, those are already, we have localized. But some critical parts, not yet. But we are working with our supply partners to get them to meet those specs and standards. Because what's important is the brand image is important here. We can't afford to have failures.

Imagine the roller that goes in a wind turbine which is sitting 60 meters above; you have a failure, and the cost of repair is huge. So, we can't afford to have that. So, that's one of the challenges we are facing. But we are focused and working on that.

**Questioner:** Can you please explain on exports which have done pretty well for us and in the current year, where are we scaling up? Maybe opportunity set, maybe view of the aspects, the vertical? Just touch upon those aspects.

**Questioner:** You can also highlight 10 markets and end segments at once?

**Hardevi Vazirani:** So, export is mainly bearings for the industrial solutions. And rightfully, because the automotive does not import. Their supply chain is in the country, rather in the city where they are located.

So, it is mainly for industrial applications, and it is mainly bearings. And current year's export uptick is actually because we are looking at the lower base last year.

If we go back to the year 2022, we had peaked at close to INR 1,100 crores, if I remember correctly. And only those demands have come back, I would say, which was earlier caused by the geopolitical situation of Ukraine-Russia war. So, it is coming back, which is also leading to the better utilization of the lines that we have laid for the localization strategy.

Moving forward, currently the mix is that close to 50% is Europe, 10% is USA. And remaining 40% is China and Asia, Southeast Asia mainly. Moving forward from this year, the growth is not going to be 20%-25% the way we see this year. It will be Europe, it is growing at 3%-4%. So, Europe demands would be around that.

Asia, we can expect a little bit more because we have put a little bit more effort into the distributors. We invited distributors from Korea, from Southeast Asia, to visit our plants. So, we expect a little bit more from Southeast Asia countries and from Korea. So, all-in-all, the strategy for Schaeffler India Limited is not export strategy. But from localization, whatever the excess capacity is available, that if we can cater to the other group companies.

**Questioner:** Can you this, just one last question...

**Questioner:** Sorry if I could just follow up on the export part. I mean like on a five-year basis, do you think that exports could be like 25% of revenues? Is there any target of that sort?

**Hardevi Vazirani:** Yes, so the strategy is not, we don't draw up our strategy on exports anymore because of the dynamic situation geopolitically as well as all this tariff thing. It is mainly on localization. From there, whatever we are able to serve, we serve.

**Questioner:** Thank you.

**Harsha Kadam:** Thank you very much.

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**(This document has been edited to improve readability)**

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