

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 Wednesday, April 30, 2025.**

06/05/2025

Dear Sirs,

With reference to our letter dated April 30, 2025, please find enclosed the transcript of the Analyst/Investor meet held on Wednesday, April 30, 2025, for your information and records.

Phone: +912068198464

The same is available on the Company's website - Earnings Conference Call | Schaeffler India

Kindly take the same on your records.

Thanking you.

Yours faithfully,  
For **Schaeffler India Limited**

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

**Schaeffler India Limited**

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# SCHAEFFLER

**“Schaeffler India Limited Q1 CY’25  
Earnings Conference Call”  
April 30, 2025**

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

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

**MS. GAURI KANIKAR – INVESTOR RELATIONS**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Q1 CY '25 Earnings Conference Call of Schaeffler 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.

I now hand the conference over to Ms. Gauri Kanikar. Thank you, and over to you, ma'am.

**Gauri Kanikar:** Good morning, everyone, and welcome to Schaeffler India Limited's Earnings Conference Call for the first quarter ended 31st March 2025. We have with us from the management today, Mr. Harsha Kadam, our Managing Director and Chief Executive Officer; and Ms. Hardevi Vazirani, our Director of Finance and Chief Financial Officer. Mr. Kadam will first take us through a short presentation on the results, after which we will open the floor for questions.

With this, I hand over to Mr. Kadam. Thank you.

**Harsha Kadam:** Thank you, Gauri. Good morning, and a very warm welcome to the investing community. So let me start by taking you through the brief presentation for the quarter 1 performance of Schaeffler India Limited for the year 2025. I am on Slide number 2, wherein I would like to start by sharing with you, how our clear focus on the customer centricity is yielding good results. And as you can see, the testimony of the focus that we have brought in, in the last quarter and the year before as well in terms of improving our collaboration and partnership with our customers.

And whether it is in improving our localization content and increasing our footprint, both on the manufacturing side as well as on the logistics side, or with respect to expanding our product families to 8 in all, which magnifies the extent of offering that we are able to offer to our customers, as well as our strong belief in our values of innovation and the passion with which we deliver.

The testimony is in the awards that you see on the slide, whether it's in the area of quality of the product and quality of the service, whether it's in the long-term partnerships that we engage with the customers in, or is it with respect to the safety record within our plants. Also, not to mention, some of the new product development engagements that we very actively pursue without, of course, underlying the fact that underlying reason and focus on sustainability continues to be the base on which we do our business.

On this note, a very positive note, I would also like to share with you that, we recently got our customer survey scores, and I'm very proud and happy to share that our rating has improved to 8.62 from the previous survey, which was at 8.41 and that too adds credibility to the efforts that we are making towards our customers.

That said, let me move on to some of the economy and the industry highlights. As you all know now, the India's growth story has been moderated to around 6.5%. Well, comparatively, this still is a strong growth number, looking at what's happening in the macroeconomical situation around us.

That said, the inflation was one of the botherations, the last quarter when I talked about, and there appears to be some moderation on the consumer price index as well with the RBI stepping in and more corrective measures being implemented there. So, we believe that the inflation as such in the country would tried to be kept under control as we move forward, so as to stimulate growth and consumption within the country.

Talking a little bit about the automotive production. In the first quarter, the automotive production posted a strong growth with 6.2% compared to the previous quarter. As you can see, the trend is definitely on the upside. Now, if one were to look at even the index of industrial production, it continues to hover around the same levels as in the preceding quarter of Q4.

The overall growth in the manufacturing sector, particularly the basic materials sector, which grew by about 6.5%. And then you had, of course, the other transportation and equipment sector, which grew in double digits at 13.5%. All in all, even the mining sector grew by about 3.5%, overall raising the manufacturing growth to about 4% in the quarter, so to say.

With this, it is clearly obvious that while there are still challenges, particularly with all the geopolitical developments that we have, India still remains to be a bright spot in the growth story of the economy around the world.

Now that said, we definitely are focused on putting our actions in place as to how do we leverage this strong position that we are fortunate to be in India and operating at this kind of a growth level.

I move to the next slide, which throws light on some of the core industrial sectors. And what you see here is -- as you can see, the cement production, which kind of weighs down at 5.5% weighs on the GDP, and that grew by 12.3%, clearly riding on the back of the focus by the Government of India on the infrastructure development.

And steel production grew around 6% - 6.5%, while our coal production, considering the focus heavy on the renewable energy side, coal production is still at a moderate 3%, power production in the country around 4%.

Now all in all, when you look at the industrial sector, the renewable energy sector is certainly doing well, because we have seen the exports bounce back in the renewable energy equipment manufacturers, and that has also helped us in a big way as we move into the numbers, I would like to talk about it.

Moving on to my next slide on the automotive sector performance. The 2- and 3-wheelers grew by 6%, as you can see, and has been stronger growth month-on-month compared to the previous year as well. We definitely saw bright spots even in the passenger vehicle demand going up.

As you see, the production numbers went up and the passenger vehicles in the first quarter of the year grew by 5.3%. And so did the commercial vehicles, which was low, has started to inch up, although in the month of March, it did post lower numbers, but Jan and Feb were strong months, and it grew by about 1%.

Tractors, on the other hand, has shown a strong uptick again. Incidentally, on the forecast of reasonably good monsoons, we are seeing the demand strongly bouncing back and the tractor production went up 19% in the country and this too is helping our business performance in India as such.

I now would like to move on to the business highlights for the quarter, Q1 2025. But before I get into the details, I move into the slide, which talks about the revenue from operations, which we have restructured a bit.

Now, I want to say right upfront that, while it doesn't impact or change the total, it is just a rejigging of the numbers between the business verticals that we operate in. Now, why have we done that? It is fundamentally because of operational efficiencies and also to manage the operations in a much smoother way that we have restructured some part of the business.

The first one is the one-way clutch business, the product one-way clutch, which we manufacture was initially in the industrial part of the business, but predominantly, it goes into the automotive applications. So, we have transferred that to the powertrain and chassis part of our business vertical.

On the other hand, also the second change that we brought in is the OES, which is the spare parts business with our OEM customers, was with the OEM part of the vertical, which we have now moved to Vehicle Lifetime Solutions, which is our pure aftermarket business in the automotive space.

So rightfully, this rejigging of the numbers within the verticals is helping us to bring a lot more focus, bring in better review mechanisms and better accountability in the operational performance as well. And accordingly, the segmental disclosures have been now reinstated in the 4 verticals that we are operating in.

Now, on that base, let me now move to the next slide and throw some light on the Q1 performance. So, it has been a pretty good quarter performance for us in terms of top line growth. As you can see, we posted INR 2,110 crores in the quarter revenue coming in, so pardon me, there is a correction that is there, 1.3% with respect to the preceding quarter Q4 '24 and 14.1% with respect to the first quarter of 2024.

That said, this has resulted in a strong EBITDA, as you can see, 19.3%. And I guess, this is the highest EBITDA that we have registered so far, bringing in an EBITDA of INR 407 crores into the system. And this has been a further improvement from the 18.8% EBITDA that we registered in the last quarter of last year. This resulted in a profit after tax of 12.6% in the quarter, which is definitely much better than the preceding quarter, which was at 12%, thereby raising the profit after tax to INR 265 crores.

Now, if one were to look at it, obviously, the growth momentum continued because we had a very favorable mix in terms of the business and the revenues that we do. We were also careful in terms of managing our capex spending. So hence, you will see that our free cash flow also registered a strong numbers at INR 237 crores compared to the preceding quarter, which was INR 163 crores.

And of course, it was negative in the first quarter of last year. And clearly, the prudent focus on working capital management as well as the capex spending has helped us to manage and deliver a strong free cash flow numbers for the quarter. With that, I would like to move to the next slide to talk about a little bit on the business development area and the business wins that we have been focusing upon.

So, the automotive technology, we have continued to win new businesses in the clutch systems product as a product portfolio, particularly in the commercial vehicle segment and the heavy-duty commercial vehicles as well. So, we have had significant wins. In fact, a number of wins in the quarter that have come in, some of which has already started to flow into series production has enabled us to continue to sustain the growth in the automotive space.

Talking of the Vehicle Lifetime Solutions, while we had already launched some of the white label products like the wipers for the cars, the lubricants, the engine oils and the brake fluid oils for the automotive applications, couple that with the TruPower grease that we had already launched.

We also did launch the steering kit for the automotive applications. And what we have seen is the sales begin to pick up there. We did have some issues in terms of product quality and packaging, which we have addressed. And finally, we have started to register a sale of almost INR 1 - 1.5 crores registered in the first quarter itself.

Moving on to the industrial side of the business, which is predominantly Bearings and Lifetime Solutions. I must say that we have won some significant wins in our Lifetime Solutions area as well, engaging into collaboration with our customers to offer the Lifetime Solutions as a part of their service offering in many of the food and beverage industry sectors, which they operate in.

That said, we have also won a lot of businesses in the cylindrical roller bearings as well as the ball bearings and some in the 2-wheelers, which are very interesting applications like linear ball bearings, which is a new product line that we have now offered to a customer in the 2-wheeler segment.

So, our journey in terms of securing the business wins, which helps us to sustain and keep the pipeline running to enable a continued growth story continues, and we will continue to share with you more such wins in the future as well as we come to the next quarter.

I move to the next slide, which is throwing some light on the financial performance. And let me draw your attention first to the revenue. I did talk about it that our sales revenue, INR 2,110 crores was definitely over the preceding quarter, 1.3% better, but over the last year's year-on-year was 14.1%.

And that revenue came from -- if you were to look down at the revenue bridge, the Automotive Technologies space brought in about INR 83.6 crores into the system. The VLS delivered INR 26 crores and the industrial bringing in about INR 92 crores. And of course, the large growth did come in the export business, which we see a bounce back and strong upticks coming from our export business.

We have also managed to start the deliveries and our business into the e-mobility space. The numbers are still small, but we will start to share with you as the numbers start to scale up in the succeeding quarter as such.

So fundamentally, looking at the growth, if one were to look at the business verticals and how did they do compared to the preceding quarter, Automotive Technologies grew by 6.9%. And the Vehicle Lifetime Solutions, there was a small dip compared to the preceding quarter. As you all know, the last quarter of the year, calendar year is always the strong numbers that the Vehicle Lifetime Solutions posts.

And the Bearings and Industrial Solutions, we saw a lower number at 7%. This is coming on the back of the demand from the distribution side of the business, which we had pushed in, in the last quarter, which saw a weak start-up in this quarter. However, some of the core sectors like the wind energy and the raw material sectors and the 2-wheelers have performed very strongly for us there as well.

Our star performer in the business has been the exports in this quarter, which grew 20% over the preceding quarter. And if one were to compare it with year-on-year quarter also grew at 23.2%. So, a few quarters back, we were having apprehensions on the exports business as it had bottomed out. And now I think we are on the upswing again here.

And what has this done to our sales mix? And as you can see, our portfolio still continues to keep a reasonably good balance with 40% of the sales revenue coming from the industrial and bearing side, the automotive OEM side of the business coming in with 33%. The vehicle lifetime, which is our aftermarket business in the automotive space coming in at 12%. And then, of course, our export, which was down to around 11%, 12% has gone up to 15% in this quarter.

With that, I move to the next slide on the financial performance, and I did already mention that INR 407 crores came in at the EBITDA. And with a clear year-on-year 20.2% growth over the preceding quarter, as you can see, it was 18.3%, a 1% improvement in the EBITDA over the preceding quarter. And if one were to look at the bridge of the EBITDA, where did this come from - clearly, the maximum contribution of INR115 crores out of the INR407 crores did come in, obviously, at the gross margin improvement, which is attributed to higher sales and the mix of the verticals. Of course, we did have some pull downs in terms of some marginal employee cost improvements and some other expenses that we have reported. But overall, I must say, a strong EBITDA performance for the quarter.

This has resulted in a profit after tax of INR 265.4 crores in the quarter with a PAT at 12.6% compared to 12.3% over the last quarter of last year. I move on to the next slide, which is the working capital. And as you can see, while the working capital in terms of percentage to sales certainly has shown a marginal improvement.

However, we still are some way on the numbers that we have delivered. If you look at the Q1 of last year, our working capital was at much lower, and we have now kind of gone up there, and we still have to bring in a lot more focus here. This is going to be a focus area for us. And our target and our actions are to try and get it down to last year's level.

Talking about capex. In the last quarter results call also, I did mention that we have been judicious with our capex. We have invested quite a lot in the preceding quarters and the preceding years. But looking at the moderation in the demand and the marginal slowdown in the economic growth, we have moderated our investments. And as you can see, for the quarter, we have just invested INR 82.5 crores, which is almost at half the level when compared to the same period last year.

So here, we stand committed to invest in the right product portfolio at the right time as the markets begin to come up as well. And we will continue. Our long-term plan in terms of our capex investment still holds and stays. However, the small corrections and moderations along the way needs to be done to ensure us to deliver the better financial results as such.

I did talk about the strong free cash flow because of our working capital management as well as the judicious and prudent investments that we have made, resulting in a strong free cash flow, which came in at INR 237 crores for the quarter, which was definitely much higher when compared to the Q1 of 2024, as you can see here.

With that, I move to the performance indicator slide, and I draw your attention to the EBIT margin. And clearly, between the EBITDA and the EBIT, what you see, there is a gap. Obviously, our focus is now on to improve the capacity utilization in the capacities that we have already invested.

And this is important for us to ensure that the capex, what we have put in, we start to leverage. We will continue to keep the focus on that. At the same time, manage our cost management measures that we have been countermeasures that we have -- which we stay focused upon.

Now that said, the revenue growth, I did already touch upon. We have a strong revenue growth compared to the last year at 14% and better EBITDA margin coming in at 19.3%. And also, we have been able to sustain the EBIT margin at 15.5%, resulting in a profit after tax of 12.6% and strong cash flow as well with optimizing our capex spending in the quarter.

I move to the next slide, wherein I want to throw some light on the split between the Schaeffler India Limited Q1 stand-alone results and our e-commerce platform, KRSV Innovative Auto Solutions for the Q1. So, I have already talked about the Schaeffler India Limited standalone results. I would like to throw light on the KRSV. So, as you can see, KRSV Innovative Auto Solutions Private Limited too in the first quarter has delivered a strong performance by bringing in a revenue of INR 64.6 crores in the quarter, which is clearly an improvement over the preceding quarter. And the EBITDA definitely still is in the negative region. And while we are now expanding our footprint across India, pan-India, exactly in line with the plan that we have laid out.

Our focus is also on improving the efficiency for each of the locations that we have started operating in. We have seen the order inflows increasing. We have also seen the stickiness of the customers wherein the customer once he places an order comes back, and we are seeing a positive response when it comes to the stickiness part, because that is an indicator that we have repeat customers coming back.



And we are in line with the numbers that we are wanting to deliver. We do have some pressures on the margin right now, but we hope that, and we clearly are on to it. We want to deliver the numbers when it comes to KRSV, while we already have the top line coming in line with the plan we have laid for ourselves, we have to do a little more work on the EBIT margins here to make sure that we come back in line with the plan.

So, at a consolidated level, Schaeffler India, both the companies put together, our revenue stands at INR 2,174 crores with an EBITDA of 18.3%, which is a dip of 1% because of the impact of KRSV. And also, that is rightfully impacting the EBIT, bringing it down to 14.5% at a consolidated level, resulting in earnings before tax of 15.7%.

With that, I come to my last slide, which is the summary slide. And yes, our focus has always been to try and deliver a double-digit growth year-on-year, which we have continued to sustain for the fourth succeeding quarter, delivering a double-digit growth rate. Quality of earnings certainly has improved due to the volume growth and the mix as well as well as the efficiencies within our operations.

Yes, we have also seen that we have been able to leverage more our manufacturing footprint and locally produced as a percentage of sales, too, has gone up in the quarter, and we will continue to keep this focus and sustain this. This has resulted obviously in a strong -- also our working capital management and the capex, the spend optimization has resulted in also improved financial management that we have put in has also brought in the good results that you see for the quarter.

And certainly, all our focus remains in running our operations efficiently so that we continue to deliver similar results in the succeeding quarters as we stand committed, clearly in line with our vision of being a motion technology company to our customers.

With that, I come to the end of my presentation. Over to you, Gauri. Thank you.

**Gauri Kanikar:**

We can open the floor for questions please.

**Moderator:**

Thank you very much. The first question is from the line of Saumil from Kotak. Please go ahead.

**Saumil:**

Two questions from my side. First, on exports. Now we have seen a very strong recovery in exports, both on a YoY, as well as on a QoQ basis. Could you give us some more details as to any particular geographies which have done better? And within the businesses, any particular segments which have done better? And how sustainable is the trend? How is the order book looking from a next 2 to 4 quarters perspective? That is my first question.

**Hardevi Vazirani:**

Saumil, this is Hardevi, the CFO. Thank you for your question. So, the export business increase is mainly attributed to Asia Pacific. As we have said in past few calls that, we are finding new geographies and within Asia Pacific, Southeast Asia, Japan, Korea, we are focusing on those markets as well now. So, it is mainly coming from Asia Pacific, as well as some new countries in Europe.

So, both EU and AP, Asia Pacific have contributed to the increase year-on-year as well as over Q4. Talking about the product groups, as we have said in the past also, that the main business is for industrial bearings, which continues to be the same. So, it is mainly for industrial bearings.

**Saumil:** Sure. So, the traditional erstwhile geographies in exports, there, we have not still seen a sustained recovery. Would that be a fair statement? And if yes, is that an optionality where if recovery plays out in those segments, the export traction can be far longer?

**Hardevi Vazirani:** So, the other geographies where we have been playing are continuing. It is kind of a flat. Yes, if further recovery happens, that is the geopolitical situation improves, we expect better results. As of now, the order book is for the short term, we are very cautiously looking at the developments that are happening around the world, but we expect to sustain this level of performance.

**Saumil:** Sure. And my second and last question, in terms of the India markets, while we had seen some sort of slowdown on the industry segments, are you seeing kind of recovery of government spending or private capex spending going up and to that extent, which will help our industrial portfolio? That is my last question.

**Harsha Kadam:** Yes, Saumil, we definitely have seen some uptick in our business and demand, at least, particularly if you see the renewable energy sector, wherein we play a big role in the wind energy market, we saw a pretty strong demand coming in, in the first quarter as well, particularly -- in line with the gearbox manufacturers who cater to the wind equipment manufacturers. We have seen a strong uptick.

We did definitely also see some strong uptick in the off-road sectors. Construction equipment, definitely we have seen. Clearly, this is riding on back of the infrastructure focus by the government. So, we have seen that as well doing very well. And not to mention, of course, we are also seeing some on the raw material sector, good improvement. Even over the preceding quarter, we have seen good project executions that have started to happen within the core industrial sectors.

So, these 3, I would say, definitely have shown but there were others related sectors like power transmission sector, which caters to either the raw material or even to the other industrial sectors, yes. That too definitely saw an uptick. We have seen almost a 6% growth -- sorry, yes, growth there as well.

So, all in all, there are sectors within the industrial we have seen, and we have also seen that we have gained some good businesses in the industrial space, particularly in the wind I talked about already and in the raw material.

**Moderator:** The next question is from the line of Mukesh Saraf from Avendus Spark.

**Mukesh Saraf:** My first question is on the -- I think you had alluded to e-mobility business that has started for you this quarter. So, is this the e-axle order that we had spoken about a year or so ago? And so, has that started now? And if you could just kind of remind us, I think you had mentioned at that time EUR 300 million order over a period of a few years. So, does that stay the same in terms of quantum?

**Harsha Kadam:** Okay. Mukesh, thanks for the question. And yes, we have started our series production and supplies for the e-axes. As you all know, the delay was because the customer was -- they deferred the launch of the product, which finally has happened, and we have started to see now movement of the equipment that we offer to them, which is the e-axle.

Rightfully, going forward, we now are optimistic about the market response, as well as the demand picking up. So hopefully, our wish is that we also catch up with the first quarter numbers, which came in being lesser than what we had anticipated, but then we expect that going forward, it should further improve and make up for the drop that we had in the first quarter.

**Mukesh Saraf:** Okay. Okay. But the quantum of the order remains EUR 300 million, sir?

**Harsha Kadam:** That is over a lifetime of the platform.

**Mukesh Saraf:** Yes, over the lifetime. Yes. All right. And secondly is with respect to the new business wins we are seeing railway segment within your industrial, there seems to be DGBB, TRBs and CRBs in the railway segment. So, is this on the freight side of it or this continues to be more on the passenger railway side?

**Harsha Kadam:** Our presence is reasonably good in the passenger wagons and the locomotives. We are very strong in the metro trains. Freight is an area that, we have still some distance to go. So, primarily numbers that you see is on the passenger wagons, metro and the locomotive.

**Mukesh Saraf:** Got it. And just lastly, more at the group level, we are reading a lot about job cuts that the group is planning to do in Europe, especially after the Vitesco merger, things are probably slower in terms of synergies. Could this have some kind of an impact here? I mean, it could be positive as well, but any kind of change in thought process with respect to how the group is going to be using the India subsidiary, especially now with more focus on costs at the group level?

**Harsha Kadam:** Let me answer it this way. Now, what is happening in the group remains. And I am happy to share that in India, so far, we have not seen any impact due to what is happening in Europe coming in India.

As you can see, our numbers are proving it that we continue to deliver the double-digit growth. That is because the market here is different. The situation here is very different, correct? So, it is important that we keep the focus on the business and the market and ensure that we deliver the value that we stand committed to, correct?

And we will continue to keep the focus. Of course, the cost management, prudence in terms of our spending that has been there, and we will continue to be there. Obviously, we have to be efficient in our operations and in our operational management, which we will continue to keep the focus that in no way dilutes what is happening there.

**Mukesh Saraf:** Right. So, my question was more with respect to them using our cost base here and probably looking -- I mean to India exporting a lot more now given their focus on costs. So, is that a possibility is what I was saying?

**Hardevi Vazirani:** So far, we have not received those information that are there going to be any shifting of lines, etc. We have so far not received. And as we stated that, we are very prudent when it comes to such strategies as it has to benefit the localization and domestic market first.

**Moderator:** The next question is from the line of Ankur Sharma from HDFC Life.

**Ankur Sharma:** Again, on exports and especially given the whole tariff situation on China, just trying to understand, have there been any talks of using India as a sourcing hub for exports to the U.S.? Is that something which is a possibility? Is that something which can be potentially something we could see?

**Hardevi Vazirani:** I mean, on tariff, it is -- I do not think anybody in the world can comment right now. The situation has been very, very fluid that first announcements and then withdrawing that. And also, that currently, U.S. is in talk actively with China on diluting actually the complete tension. So right now, we do not see that we are changing at least within Schaeffler, we are changing the strategies and bringing India is China plus One. But yes, if such a situation evolves, we will see it in numbers.

**Harsha Kadam:** Yes. To add to that, our exposure to the U.S. market in terms of exports was insignificant in the past. And even today, it is so. So, we do not see much of a risk. However, if the situation improves and the need to leverage India's cost competitiveness comes up, of course, we are ready to do that as well. But again, there is a lot at play here. One of them obviously is the tariffs. So, we will wait in the right way and take a call as and when the opportunities open up. We do that.

**Ankur Sharma:** Fair. That is helpful. Second, on the auto side and especially when I look at across passenger vehicles, CVs, maybe even 2-wheelers, the outlook for the coming year is more like a low to mid single-digit kind of a growth is what we understand. Then specifically for Schaeffler, do you believe you could still outgrow the industry, maybe get to that double-digit growth? Is that what you would aspire for? And I understand, given your wins, we have been seeing very strong growth, but is that something that you believe can continue?

**Harsha Kadam:** Yes. You said it right, Ankur, that the automotive industry, and if you were to take the largest volume today coming from the passenger vehicle segment, yes, it is in single-digit growth year-on-year. That is true. But aspiration still continues to be there that we try and get it to at least a double-digit growth or stay ahead of the industry or the segment growth.

To that effect, what has become super important is our offerings. So, if one were to look at the large population of the passenger vehicles still with IC engines, yes. And we have started to localize more and more products in India, correct, for these offerings. We continue to believe that there is going to be moderated growth in the IC engines in spite of the hybrid technology, or the pure battery electric vehicle technology coming into play.

That said, our focus on the IC engines will be there. It will continue to be there, and our investments also continues to be there. But that does not mean that, we will not be focusing on the battery electrics or the hybrids. And as we have seen India responding favorably to the hybrid technology, we have also started to bring our products and offer it to our customers in India,

even in the hybrid technology space. Some localizations have already started for the hybrid offerings to our customers in India. More will happen as we go along.

And the third being the pure battery electric vehicles, I did touch upon. We have the e-axle business win. There are more projects we are working with our customers, not one, but some. And rightfully, we are also already started to offer for the battery electric vehicle technology, not just the e-axes, but even at a component level, we have started to get some breakthroughs.

So rightfully, we are one of the companies who are fortunate to have the bandwidth to offer products in each of the portfolios. And that is one of the Schaeffler's strength as a motion technology company.

**Moderator:** The next question is from the line of Harshit Patel from Equirus Securities.

**Harshit Patel:** So, my first question is, in the past, you had indicated that, the company was shifting some of the bearing production lines to India, especially from the European countries. Even in the annual report, we saw a lot of related party transactions in terms of purchase of tangible assets. So, is this whole process over? Anything left for us to do in terms of further enhancing export-oriented production capacities over here?

**Hardevi Vazirani:** So, let me first correct, it is not export oriented. It was mainly for localization. As you are aware that, localization as a strategy is a primary thing in our priorities. Schaeffler India Limited's total revenue from operations a few years back was only 67%, 68% from own production, and rest was imported. And we were not able to localize because of the volumes that we had yet to gain.

As the volumes, the demand increases in the domestic market, instead of importing, we are relocating those lines, and we are producing now here and selling in the domestic market. So, it is not that, if the intangible assets are moved from Europe or elsewhere to India, it is for exports. It is mainly for localization. And thereby, we can see that in last few years, our localization ratio has gone up to 76% now. So, whatever we are selling, 76% is manufactured in our 4 plants in India. So, it is main.

Now export, if it is resultant of that, that some lines which are shifted here also have export base, then we serve those markets as well. But the primary strategy remains localization.

**Harshit Patel:** Understood, ma'am. And then just a follow-up to that. A few quarters back, parent company had announced that it intended to move some part of the clutch production from Sheffield plant in U.K. to our Hosur plant. So, could you comment on this relocation exercise?

**Hardevi Vazirani:** As of now, at least I can say that they might have announced like in the recent past, they also announced that whatever the cuts are taking place that the beneficiaries would be Vietnam, India, China and all. But ultimately, when the strategy is framed, it depends where it is ultimately going.

**Harsha Kadam:** Also, I think we must take cognizance of the fact that, when we want to localize production here of the products, obviously, we have to make investments in production machines. And we have

the option in front of us to look at brand-new machines or look at machines that can be utilized from the older plants lying there.

Obviously, they would come as a lower investment for us. And the wise thing to do rightfully would be to pick up those machines in those plants where they probably are underutilized and bring them here so that we can optimize our investments as well, right? And that, I think, is a wiser decision, and we remain focused on these options, when we make our investment decisions.

**Harshit Patel:**

Sure. Sir, my second question is on the margins. Could you give us a flavor on margin levels of various segments as in Automotive Technologies, VLS, BIS as well as exports, even ballpark numbers would do. So even if you could highlight the descending order among these segments that will be very helpful?

**Hardevi Vazirani:**

Unfortunately, as a CFO, I would not do that, Harshit.

**Moderator:**

The next question is from the line of Saif Sohrab from ICICI Prudential.

**Saif Sohrab:**

Just 2 parallel questions more connected to the e-mobility of Vitesco integration as you call it, right? So, on Vitesco first in India because you have -- they have an Indian entity, right? So, has Schaeffler India started to leverage portfolio of Vitesco India, say, Mechatronics and others?

And just connected to it to understand, if there is a complete system-level order, right, which you have to get in Schaeffler Group as part of India, right? So, which uses both Schaeffler and Vitesco products, how would it typically be divided between the 2 entities?

**Harsha Kadam:**

So, thanks, Saif, for that question. Yes, Vitesco definitely has its footprint here. They have a manufacturing plant, and they have been doing good business in India. With the global acquisition that has happened, Vitesco in India still remains a different company altogether, although it is under the Schaeffler umbrella as such within the country.

Now that said, are we leveraging when we go to in front of the customer? Of course, we are leveraging because what Vitesco brings in is a very powerful competence, which we did not have on the Schaeffler side, particularly in the area of electronics, sensors and software capabilities, which we have started to leverage, so that we can raise or the value that we offer to our customers, right.

However, both of the companies still operate at arm's length because it is a different company altogether, yes, and we are a listed entity. So, we certainly have a clear arm's length interaction that happens between these 2 companies. But for the customer, in front of the customer, both remain as coming from one brand.

And so we see that both the teams work together to deliver a much higher value proposition to the customer with our strong mechanical capabilities and their strong electronic and software capabilities combined together, we are able to increase our offering levels, whether it's in the IC engine applications or even in the electric mobility application.

As you know, Vitesco in India is also -- their predominant business is still in the IC engine, offering sensors and electronics that go into the IC engine applications today. But they are also gearing up to get into the electric mobility space. They already have business wins in component level. So, it is definitely -- it is a complementary situation for us in terms of the strength of Vitesco and the strength of Schaeffler going together in front of the customer.

**Saif Sohrab:** And just on the systems part, say, something like a e-axle order, right? So that you will take as Schaeffler India and then you would enter into arm's length transaction with them, or the entire system order can go to either of the 2 entities?

**Harsha Kadam:** Well, those are things that depends on the project, depends on the customer and depends on the supply chain model that we develop. So, it does not have to be this way or that way. It all has to be seen the location of the customer, who has the capabilities, who has the strength. So that is how we work upon. But right now, I want to reiterate that we are operating at an arm's distance, because we are 2 different companies.

**Moderator:** The next question is from the line of Sonal Gupta from HSBC Asset Management.

**Sonal Gupta:** Yes. So, sir, in your opening remarks, you sort of mentioned that you have moderated the capex going forward given the slowdown that we are seeing in demand. So, I just -- I mean, if you could give some more granularity on that? I mean, is this mainly because of the slowdown on the global side, or the domestic slowdown on the auto side? I mean, like if you could give us some color there as to what is -- and I mean, which segments are sort of turning out weaker than what your original expectations were?

**Hardevi Vazirani:** So, let me correct here. First of all, capex reduction is not due to the demand. As you have seen that we have grown double-digit over the same quarter last year. So, there is no dearth of demand here.

The capex activity has been slowed because in last 3 years, we have invested aggressively close to INR 1,700 crores - 1,800 crores. And it is time that we focus on capital efficiency. And our fifth plant in Shoolagiri will be up and running in the second half of this year. So, these major investments into buildings and infrastructure, etc. are all done.

So, this year, there is no more further spend -- big spend on buildings, which we have been doing in Savli, Talegaon and Hosur. It is now time to realize the benefits of this capex that has done in the past year. So, the focus will be on capacity utilization, installation of machinery, etc.

And thereby, we are saying that compared to last year, the investment will be lower, but it is not that the investment is going to be drastically lower. And the investment momentum will continue in the coming years as well.

**Sonal Gupta:** Okay. Got it. The other question I had was like you mentioned on the hybrids as well that we are. So, I mean, if you could give us some -- I know we have been talking about the blended content on the PV side, and that is obviously growing. I mean we are getting into e-axle space as well. And so that is a very high-value component.

So, I mean, if you could give us some idea of the content, right, like ICE versus hybrid versus the -- I mean, e-axle sort of thing. So, on the EV side. So, if you could give us some idea on what sort of realistic content values could we see for these? And because I think hybrid is a space where you would probably in the next couple of years see a lot of action, so.

**Harsha Kadam:**

Yes. Thanks for the question, Sonal. And well, I think more or less you kind of know the answers as well, because we have been operating -- if you were to take the passenger vehicle as a segment, we have been operating with a content per vehicle close to about EUR 50 per vehicle.

But now with the hybrid technology coming in, which actually the technology is in addition to the IC engine, right? So, which means, obviously, the content per vehicle goes up, because we continue to cater to the IC engine application, plus we also offer our hybrid solution, yes. So, that continues.

So, obviously, there is going to be definitely improvements in our content per vehicle. We have not started to measure that yet. Why? Because the calculation requires us to take the entire vehicle part numbers to dissect only the hybrids and do it is something we have not approached it yet.

The same applies to the pure battery electric vehicles as well, wherein obviously, if I am offering components to the EV application, my content per vehicle would be lower than what if I were to offer an e-axle, which is a system-level offering, my content would be much, much, much higher.

So rightfully, this is just beginning to now -- the sales numbers have started to grow. So, hopefully, in the succeeding quarters, we will be in a better position to talk about what kind of contents we are at in each of these segments.

**Sonal Gupta:**

Got it. And just to follow-up on that. I mean, sir, are we currently participating with the Japanese OEMs, which are already in that market? And do we have like e-axle as a system-level offering? I mean, do we have component offerings mainly on the hybrid side? Or we do have some more system or subsystem level offerings as well?

**Harsha Kadam:**

We are definitely strongly engaged with the Japanese customers who patronize the hybrid technology, yes. And we already are in series production of some products and components for the hybrid applications in our plant in Hosur. We are already doing it. We are supplying it to them already.

So, on all the hybrid platforms that you see the Japanese launching, our presence is already there, yes. And I am sure as the volumes for hybrid improves and increases, that becomes favorable for us to also take up investments and manufacture locally rather than import and supply some of the critical parts, which we do even today.

**Moderator:**

The next question is from the line of Samyak Jain from Marcellus Investment Managers.

**Samyak Jain:**

Sir, just one question. So due to the tariff implications, while the export side implications are -- the implication on exports are yet undecided. What could be the -- like is there a possibility of



increased imports from China? So, do you think that is a possibility if the exports on -- if the tariffs on exports from China are here to stay for the U.S. or global markets?

**Hardevi Vazirani:** I do not think so we replied this before also that due to the tariff situation, which is very fluid that the group is getting into the China plus one thinking about India as an exporter to U.S.A. Our own share within our total exports to U.S.A. is not so high. So, we are not going to be impacted very adversely. However, if we are talking about in place of China where the group is thinking of India to be exported, then this strategy is yet to be evolved.

**Harsha Kadam:** Yes.

**Samyak Jain:** Ma'am, my point is the excess capacity that China has, if that flows to India, so do you think there is any implication for us on a sales or margin perspective?

**Harsha Kadam:** I do not know the assumption that you are trying to make. When you say, Samyak, that the capacities in China will flow to India, I do not see the connection there because China -- Schaeffler in China is also very big, and they are operating there, right?

**Hardevi Vazirani:** And they have their local.

**Harsha Kadam:** They have their local demand, the local consumption, the local market already which they cater to in a big way, yes. So that is totally a different situation for us. It is not that the capacities from there would flow into India.

India would become competitive. And rightfully, the China plus one talk is all about that to make India into another hub for manufacturing. Well, as it evolves and unfolds, we definitely will -- are prepared to make more investments if it warrants, yes, and to locally produce and also increase the exports, but it all boils down to what is the direction this is going to go in.

**Hardevi Vazirani:** The geopolitical interdependency on steel, on ore on other materials, which are imported by many countries from China is being reviewed. At the group level, we have a task force who is closely monitoring different impacts, which can have on Schaeffler worldwide, whether it is about raw material, whether it is about our own finished product import export. So, this task force is continuously monitoring it. As of now, I do not see that it is still a major concern that we see.

**Moderator:** The next question is from the line of Rakesh Jain from Axis AMC.

**Rakesh Jain:** Just one question on the exports.

**Moderator:** I am sorry to interrupt. Mr. Rakesh, your voice is coming low.

**Rakesh Jain:** Is it better now?

**Moderator:** No, sir. Can you speak a bit louder and use the handset. The current participant has been disconnected. We will move on to the next question. It is from the line of Vimal from Alchemy Capital Management.

**Vimal:** My question on capex for this year has -- just on that, given the revised or the number that you have just put out for Q1, a lower number, what can we expect for the full year? That is question number one.

The second bookkeeping question was within our segmental breakup for Bearings and Industrial Solutions, what would be the portion purely for automotive? So, what is the component for automotive bearings within that?

**Hardevi Vazirani:** So, capex, we have registered close to INR 80 crores. By end of this year, it will be slightly above the run rate. So, we will be doing slightly more in the coming quarters. As the situation evolves on the capacity utilization and capital efficiency, the decisions will be taken, but it will be slightly above the current quarter. And if we talk about the segmental mix on bearings, within that, auto bearing is close to 17%.

**Vimal:** Understood. And ma'am, what is the outlook on pure industrial bearings in India for domestic given the fact that the wind is doing well, railways is expected to do well. So, should we see a high-teen kind of growth here for industrial bearings? I am talking CY '26.

**Harsha Kadam:** So, from a demand perspective, obviously, if the industrial production in the country is growing at the rate of 4% -5%, obviously, the demand would be there to that effect. The rest is all about how we want to continue to do better than those numbers, which we always strive for, and we have been delivering. So, obviously, this comes with becoming more competitive.

Hence, what Hardevi mentioned about localization. The more we produce the products in India, the more competitive we get, the more market share we gain. And thereby, obviously, the bearings business would grow better than what the industrial index growth in the country is. That would be my answer.

**Vimal:** But sir, do you feel the general demand environment in terms of the -- while, of course, we can choose to take initiatives internally. But do you feel that the demand is resolute at this point in time to give us that -- to support that high-teens sort of a number?

**Harsha Kadam:** Well, I am not an economist, but all I can say is looking at what our customers are doing and what they want from us. I can watch that we have seen definitely good demand coming in many of the sectors. I did already talk during my presentation; I talked about the wind coming back very strongly. The demand has been strong.

Surely, our wind gearbox manufacturers and equipment manufacturers have been exporting well out of India. So, we leverage that business, correct? And so is the need in some of the infrastructure sectors we see or related sectors to the infrastructure industry.

So, we are seeing strong traction, some by push by the government with more liberalization and more investments coming into the country, obviously, we expect some of the other sectors to open up. So, there is definitely optimism in that area that, yes, we will continue to see more demand coming in, because India needs more to grow.

And if we are talking about the growth numbers which the government is projecting to get to whatever, INR 7 trillion by the year 2030, obviously, investments have to continue to come into India. And we also being a part of the ecosystem, we will have to continue to invest.

**Moderator:** The next question is from the line of Rakesh Jain from Axis AMC.

**Rakesh Jain:** Sir, I just want to check on the export side. The nature of growth, could you help us understand if there is something attributed to the inventory positioning prior to the tariff situation? Or should we assume that this is something which would be recurring in nature for us?

**Hardevi Vazirani:** Just to get a better clarity, you mean to say that the U.S.A. has to build more inventory so as to avoid the high tariffs?

**Rakesh Jain:** And any other nation who were supporting the U.S. and prior to that, they would be looking at supplying more right now as the tariffs take effect before that?

**Hardevi Vazirani:** No, I do not think that we will be resorting to such measures to increase the inventory, specifically knowing that the tariff situation is not the realistic one currently.

**Rakesh Jain:** Okay. So, the revenues which we have recorded, we should think about it as recurring in nature for us?

**Hardevi Vazirani:** Or better.

**Moderator:** Ladies and gentlemen, due to time constraint, this was the last question for today's conference call. I would now like to hand the conference over to Ms. Gauri for closing comments.

**Gauri Kanikar:** Thank you, everyone. Thank you for joining us today. If you have any further queries, please do reach out to me, or drop me a note at gauri.kanikar@schaeffler.com. We now conclude the call and wish you a good rest of the day. Thank you.

**Moderator:** Thank you. On behalf of Schaeffler India Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.

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(This document has been edited for improving readability)

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