"SKF India Limited Q1 FY18-19 Earnings Conference Call"

July 27, 2018

MANAGEMENT: **MR. CHANDRAMOWLI SRINIVASAN – DIRECTOR FINANCE, SKF INDIA LIMITED**
MS. MALLIKA APTE – HEAD-COUNTRY COMMUNICATIONS, SKF INDIA LIMITED

Moderator: Ladies and gentlemen good day and welcome to SKF India Limited Q1 FY18-19 Earnings Conference Call. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone telephone. Please note that this conference is being recorded. I would now like to hand the conference over to Ms. Mallika Apte. Thank you and over to you ma'am.

Mallika Apte: Good morning everyone. Thank you for joining the call today. Mr. Chandramowli Srinivasan – Director, Finance SKF India Limited will discuss the highlights of the results briefly. Over to you Sir.

Chandramowli Srinivasan: Thank you. Good morning again to all of you and thanks for taking the time to attend this conference call. Our Managing Director who normally also is there on this call is traveling right now and hence I'm going to take both the numbers as well as the business-related questions.

We had a strong start to the year, our sales on a comparable basis GST adjusted grew by 13% compared to the same quarter last year and our bottom line both profit before tax, profit after tax bill by about 26%. So, we are confident that things to be looking up from the ground and we hope to continue the good performance going forward. I am now open to answer questions that you may ask please.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question-answer session. We take the first question from the line of Harshish Kampani from JM Financial. Please go ahead.

Sandeep Tulsian: This is Sandeep Tulsian. I have a couple of questions. Firstly, if you could share the segmental breakup that you do every quarter in terms of auto-industrial land exports, what was the respective growth rates in each of these segments?

Chandramowli Srinivasan: In terms of the segmental breakup our auto is around 43% of our total sales, our exports which is primarily auto is about 7% of total sales, so put together you could say auto including exports is 50% and industrial is 50%, so pretty close to our normal average of being equal within auto and aftermarkets. Almost all segments have shown good growth this quarter compared to the same quarter last year, of course the same quarter last year was one sense affected by GST which was coming-in in July because there were different buying patterns of different segments but having said that almost all segments do well this quarter for us. Automotive as a whole grew by about 21% this quarter compared to the same quarter last year, industrial grew by about 14% compared to the same quarter last year but if I adjust with GST it grew by about 22%. The only segment which probably still languishing is wind where we expect that maybe the second half of this year will start to see some traction.

Sandeep Tulsian: But if we look at the number that you just shared on the export side, the reason of the sharp decline of 20% if we look at last year it was some 10% of sales is what you shared, so what could be the reasons for that, are they more onetime in nature or what could be the exact reason if you could just clarify?

Chandramowli Srinivasan: Our capacity utilization in the factories is now, all factories are running full blast and therefore capacity is a bit of a constraint now. Given that we are concentrating more on satisfying the domestic demand therefore we cut out some of these inventories that are in the pipeline generally when it comes to our export because we normally export most of our goods back to Europe and we have some amount of inventory buildup that normally is there, in order to take care of the European OEM customers requirement. In the times of such a tight run on our capacity we decided to cut back on those inventories and therefore we shipped out a little this quarter as we emptied out the inventories because right now we don't want to keep much of inventories in the pipeline because demand is really strong right now.

Sandeep Tulsian: Lastly also on the costing side, I can see that the traded goods purchased continues to remain high but we have shown very good gross margins, so was it due to the cost pass-throughs we were able to pass through all the price increase of steel or was it more due to the sales mix being favorable in favor of auto, if you could highlight some of those reasons?

Chandramowli Srinivasan: Yeah, it's a combination of all of the factors that you mentioned sales mix has been fairly good. I would say we've been able to pass through all cost increases, but we managed to pass on some of them and some of them are still under negotiation. Our continued cost emphasis, cost cutting and cost productivity improvement emphasis over the last few years that continues, volumes have also been much better this quarter compared to same quarter last year, so that also of course helps when the factories run full blast. So, all that put together we managed to deliver a better bottom line performance.

Moderator: We take the next question from the line of Puneet K from HSBC. Please go ahead.

Puneet K: Some quick numbers please, if you can also share the breakup within the automotive and industrial and OEM and aftermarket segment.

Chandramowli Srinivasan: On the Auto out of the 43% that I mentioned out of total sales auto is 43%, out of that aftermarket is roughly 1/3rd and the balance is OEM and within OEM it continues to be more or less equally spread between two-wheelers and four-wheelers and in four-wheelers I mean passenger cars, trucks, tractors all put together. On the industrial side they are almost exactly equal between industrial OEM and industrial aftermarket.

Puneet K: In terms of credit products what would that be as a percentage of sales?

Chandramowli Srinivasan: Its about 41% traded and 59% manufactured this quarter.

Puneet K: And also, if you can give some color on the growth at end-user segment car, truck, tractor etc.?

Chandramowli Srinivasan: You're talking about the demand?

Puneet K: Yeah demand-side, you used to give that quarterly growth number for various segments.

Chandramowli Srinivasan: In terms of car we grew this quarter by about 12% compared to the same quarter last year, trucks we grew by about 34%, tractors by about 6%, two-wheelers by about 20%.

Puneet K: And within the industrial aftermarket and OE?

Chandramowli Srinivasan: Within the industrial aftermarket grew by about 21% and OE grew by about 7%. Aftermarket of course you have to remember was compared to a low base last year same quarter because of run-upto GST.

Puneet K: And automotive aftermarket?

Chandramowli Srinivasan: Automotive aftermarket we grew by 29%. Again, last year same quarter of base was rather low again because of the run-up to GST.

Puneet K: Basically, also if you can give some color on what is the status on Hub-3, you expected to start in July, has it started or is it getting pushed again.

Chandramowli Srinivasan: It has not got started but we hope to start it now in October. The final testing of our bearings has happened now with the changed design etc. so there is one last bit that Japanese collaborators have to sign it off, but we had a meeting with Japan quite recently and we are now hopeful that in October the business is done.

Puneet K: Also, on the wind side has the off-take started in July or you are still waiting for that?

Chandramowli Srinivasan: It has improved in the April-June quarter compared to the Jan-March quarter but it’s still pretty low, but we expect that now from July onwards it should be pick up.

Puneet K: Are you seeing signs of pickup already?

Chandramowli Srinivasan: Yes, more will happen from around September-October. But it's on an improving trend, the fall has been arrested and now starting to improve.

Puneet K: Also, on the railways, so has our market share increased on the freight side?

Chandramowli Srinivasan: Freight side, no, not yet because we are almost about to finish the required minimum number of bearings that need to be completed for us to become eligible to participate in the full tender quantity. We are almost there now and from now onwards after the next tender onwards we should be able to participate in the full quantity.

Moderator: We take the next question from the line of Nishit Jalan from Kotak Securities. Please go ahead.

Nishit Jalan: My question is generally on the industry, after GST have you started seeing the un-organized share and the imports in the aftermarket coming down and big organized players like yourself starting to gain share?

Chandramowli Srinivasan: This is too early for me to say whether we are seeing the effects of GST on our sales and the un-organized play having come down etc. What we see is our volumes are going up but that could be not necessarily due to the question that you have or matter you raised it could also be that we have seen capacity utilization across many user's industry going up in that and that also must be fueling in the demand. So, it's a little too early for us to say that the unorganized is coming down and we are getting share of that.

Nishit Jalan: Is it fair to say that in the automotive side aftermarket, unorganized and imports would be about 30% to 40% of the market?

Chandramowli Srinivasan: In total about 20% of the market is unorganized and the lower segment, in total. But a lot of it is automotive but I want be able to say exactly whether it is 40% of the total automotive aftermarket but yes, 80% of the total bearing market we say is around is that segment.

Nishit Jalan: You have been talking about this supply capacity constraint and all you are also incurring some about 100 crores odd CAPEX this year. So, can you highlight what is the status on that and when we will start to see these new capacities coming online and are there any specific segments where you are adding capacity?

Chandramowli Srinivasan: Right now, we are adding capacity, some part of it will start to play-out from Jan-March quarter 2019 and some more from the April-June quarter, so solution of the machine and ordering of the machine all that is underway now, so all that will happen but then you will start to see production coming in, it will be Jan-March 19. We are actually evaluating all our options about adding capacities. There is quite a bit of CAPEX that will come in between calendar year 18 and 19, so you will start to see the effect of that in the sales going forward. Right now, we still, I would say that we are declining stage, all I am saying right now our factories are running full blast. So, these are some parts of additional capacities to the existing product lines and some are totally new product lines. When I say totally new I mean they are variants of existing products but like Hub 3 and Pinion unit and split truck hub unit etc. so they are variants of the existing product lines but new products in that sense.

Nishit Jalan: What growth rate did you speak about trucks that you have achieved in this quarter?

Chandramowli Srinivasan: Trucks we achieved 34%.

Moderator: We take the next question from the line of Mukesh Saraf from Spark Capital. Please go ahead.

Mukesh Saraf: If you could just give us the adjusted growth in revenues for the countervailing duty that you usually provide because I guess this quarter also you would have seen an impact from that.

Chandramowli Srinivasan: If you adjust for just the excise duty part of it then as we have already disclosed in the results its 13.3% growth. If I then adjust for the countervailing duty as well then our sales growth is 17%.

Mukesh Saraf: On the railway side while we do understand that the opportunity there can go up significantly firstly from (**Inaudible) 15.28** to LHB and your freight side of supplies as well. But do you also see competition go up there significantly because we also understand that Schaeffler is also now an approved vendor, we obviously Schaeffler and Timken there are imported sources, and could you give some sense on how this could play-out. Is there a lot more competition there that is expected on this?

Chandramowli Srinivasan: Competition has always been there for us in India and globally but we are confident of our product and our technological expertise and our application engineering, so I don't think that's a problem if the industry grows we will definitely grow.

Mukesh Saraf: Just looking at your industrial segment growth, we see that aftermarket in your industrial is growing double digits for the last two quarters and OEMs maybe this time around there was still a low base. But generally, the growth in OEMs will kind of come after you start seeing growth in the aftermarket, so do you expect industrial OE growth to now start picking up as capacity utilizations hit peak at your user industries and they start adding more capacities especially cement or steel or these kind of industries could you give some more color on that?

Chandramowli Srinivasan: Industrial OE growth is also of course muted because of the fact that energy here is still degrowing and even this quarter it was down 32% compared to the same quarter last year. But last year the second half of the year that is from July to December some better so that should sort of start to catch-up. Coming to the rest of the industry, you are right, we start to see capacity utilization now reach healthy level in quite a few user industries and that should be the sign for private CAPEX to start kicking in. We start to see some green-shoots of private CAPEX already and I think more will happen in the coming months and years and then that should show the growth in industrial OE side, you're right.

Mukesh Saraf: So, we would not have or rather our traded goods will go up if that happens because we are obviously not looking at local manufacturing as of now.

Chandramowli Srinivasan: That's right, about 15% to 20% of our industrial sales come from manufactured goods but the balance comes from traded.

Moderator: We take the next question from the line of Kunal Bhatia from Dalal & Broacha. Please go ahead.

Kunal Bhatia: Your voice was not clear when you gave the breakup of auto, aftermarkets, if you could repeat that please.

Chandramowli Srinivasan: I repeat, out of our total sales, auto sales are 43%, exports which is primarily auto are 7%. Within the 43% roughly 1/3rd is aftermarket and the balance 2/3rd is OEM. Industrial is the remaining 50% of our total sales and within industrial OEM and aftermarket are almost exactly equal.

Kunal Bhatia: You mentioned, ex of countervailing duty and excise, our growth would be 17% YOY.

Chandramowli Srinivasan: That's right.

Kunal Bhatia: The countervailing duty is starting from when?

Chandramowli Srinivasan: From July '17 countervailing duty got subsumed in GST, so is now part of the GST and therefore not part of the top-line. Here our prices are inclusive of CV duty.

Moderator: We take the next question from the line of Priya Ranjan from Antique Finance. Please go ahead.

Priya Ranjan: One thing just on the industrial side, which are the areas where you have seen some green shoots because you are saying that some private CAPEX etc. is happening I mean some signs of private CAPEX has started so which particular segments you are pointing to?

Chandramowli Srinivasan: Our sales are pretty good in what we call our key accounts which covers again whole lot of industries but the material handling industry is doing okay, those industries connected with construction are doing okay, steel, cement are doing okay and I am not sure private CAPEX is coming in is there but utilization wise it's doing okay. JKB and those kinds off highway equipments they are quite okay, so there are different pockets like this that are improving for us.

Priya Ranjan: In terms of the outlook for the different segments of the auto side, so post this axle load norms since we are expecting some kind of volume softness in the Truck side, so how do you see that market panning out?

Chandramowli Srinivasan: This is the extremely new development, so we are still grappling; we are trying to find out how this is going to affect the industry. We hear some conflicting reports, so section of the population saying that this will have some immediate negative impact on buying of new trucks etc. On the other hand, slightly more medium to long-term this might improve the profitability of the truck drivers and trucking industry and that itself might spur them to buy more. Yeah, it's a bit of a mixed bag as of now difficult to ascertain, it could also improve the aftermarket demand for some of the bearings because now you have vehicles being overloaded and then the road conditions being what they are etc. So, we have to wait and watch, this is extremely new development, so we have to wait and watch.

Priya Ranjan: In terms of the future outlook on particularly from the BS6 opportunity, so how do you see when those products can be started and what kind of content per car or content per vehicle should increase in that sense?

Chandramowli Srinivasan: To me BS6 in our opinion we will have to do a lot with fuel for example the first thing and then more on the other parts and bearings I don't think so directly will be impacted. But yes, as the technology improves there will be requirement for more technologically advanced products, maybe lighter products, etc., then of course we are ready with all these because all these have already been developed for us in the western world, so we just have to bring them to India. So, in that sense we are pretty ready whenever the OEMs shifts to different requirements will be ready and this may probably help us in the competitive intensity, maybe some of the smaller players will be out from this kind so any technological improvement is only pure benefit for us, so we are ready with that.

Priya Ranjan: Till the time see we see that the capacities at full and our new capacities doesn't come in so we can expect softness in export volume?

Chandramowli Srinivasan: On the traditional ones, yes but we have now also developed some new products where it doesn't touch the capacity of the bearings channel; these are housings and things like that so there we should be able to see some traction going forward, on the ball bearings more for the Southeast Asian markets, etc.

Moderator: We take the next question is from the line of Sandeep Tulsian from JM Financial. Please go ahead.

Sandeep Tulsian: I had a couple of follow-up questions, one is the other income has seen a very sharp growth in the quarter, could you highlight if there is an element of FOREX gain or something over there.

Chandramowli Srinivasan: FOREX gain for this quarter is 20 million; last quarter was FOREX loss actually, so yeah to that extent that is there. Also, with the bit of hardening of interest rates so we get a little bit more on the cash surpluses we have, that's also sitting in there.

Sandeep Tulsian: If you could quantify what is the FOREX gain amount, basically just to understand what can be the sustainable?

Chandramowli Srinivasan: FOREX gain this quarter is 20 million versus the FOREX loss of 59 million last year same quarter.

Sandeep Tulsian: You're highlighting about this new India distribution center that we've put up. And after GST we had a plan to reduce the overall number of warehouses and storage facilities that SKF has which should reduce to some sort of inventory that we hold and at the same time a logistic costs have gone up that we can see from the annual report. So, if you could just highlight what kind of changes have come in and what kind of cost benefits it can accrue to the company on account of these measures?

Chandramowli Srinivasan: So, earlier we had 13 warehouses in different parts of the country; we are now down to 7, so that rationalization is already happening. However, inventory has gone up I mean expectedly gone up because earlier when we did not have the India Distribution Center when it came to imports we were importing most of our goods from Singapore, so Singapore was carrying all the inventory for all of Asia. Now those goods are more stocked in our India Distribution Center and therefore we are able to reduce on the freight cost because now we are able to import directly from our European factories. So, the lead time increases and therefore the goods in transit also increases which of course we have to report that inventory. But it reduced the freight cost by way of full load containers, cheap rate compared to double cost of freight from Europe to Singapore and then Singapore to India, etc. But inventory goes up, yes and then more importantly the availability to customer has improved a lot therefore we are able to some customers with much shorter lead time and that also helps increase the market share of industrial customer.

Sandeep Tulsian: But purely if one were to look at it from the cost-benefit angle how should look at it? Where will be start saving in additional cost?

Chandramowli Srinivasan: We have already started to save in costs. You will see that a little bit in our cost of goods sold when it comes to traded goods because earlier we had the entire freight cost sitting there. Now of course freight costs are lower, so you'll start to see it there. And logistics costs are more for the inland, domestic freight and all those costs and there of course the logistic center also uses our rental so that also sits in the logistic cost. But the main cost saving is in the cost of goods sold in the purchase of traded good.

Moderator: We have the next question from the line of Rahul Jha from Bay Capital. Please go ahead.

Nikunj Doshi: This is Nikunj Doshi from Bay Capital. Just wanted to understand you started focusing on solutions to the industries, so what percentage of revenue right now comes from the solutions business means how are we scaling that up?

Chandramowli Srinivasan: This is always a tough question to answer because the solution business is basically about combining all our offering and in a way providing a package solution to the customer where we guarantee them and improvement in their key performance indicator. It will be speed of machine, it could be production, it could be downtime, etc. But basically, it consists of an offer of a package of products as well as our own application engineering and solution expert. But what gets measured under the sale of services is only the service income but the bigger part of the income actually lies in the product and in the increased market share that we get because of being more entangled to the customer and therefore getting a higher share of the wallet as far as the bearings and condition monitoring product and all that are concerned. All that, however, sits in the scale of product and therefore it's not directly visible as part of service income and therefore it's difficult to quantify how much the solution approach is increasing our sales because it doesn't get measured separately as sale of services. But it definitely adds to the top-line and it definitely shows in the overall sales numbers so our emphasis is more and more on working with customers in not selling just product like bearings or even condition monitoring equipment separately but to bundle it all together and offer them a combined solution and there are different approaches to solution selling but the whole idea at the end of the day we have to improve the total cost of ownership for the customer that is the whole….. And this is a different kind of selling and generally this takes out the discussion with purchase managers at the customer's end which is generally more about price other than anything else. But it takes it to a level much higher up in the management where the total cost of running the operations and those kind of things are discussed.

Nikunj Doshi: Is it possible to give some example in terms of where you have replaced competition by this approach or where you gained significant market share on in some industry where you've gained a market share because of this approach?

Chandramowli Srinivasan: I don't want to say that we have displaced competition I mean I don't want to make that kind of statement. But you see it already in our annual report, some of you were at AGM we showed examples of where we've done this kind of approach selling in the steel industry, in paper and pulp industry, these two are big examples of it. And in addition to that we also have now the remote diagnostic center in Pune where we have connected about 80,000 machines of different customers where we are able to remotely monitor the health of the machine and able to give them a real-time reports and recommendations as to which part is going to break down and therefore when they should stop and do a schedule maintenance and change whichever part is going to break down. But it's got very wide applications and almost all process industries where you generally run 24x7 and where any unscheduled breakdown of machine will lead to huge production loss. So, any process industry that you can think of generally helps this big application. We have got example in steel industry, in paper and pulp industry, in cement. We are also working on similar concepts in the railways. That's not so much KPI driven but it's to work with the condition monitoring services supplier who is already entrenched in the railway. They have capability to measure only non-rotating parts and parameters whereas we do it now on the rotating parts as well. It's got very-very wide applications everywhere.

Nikunj Doshi: You mentioned reported in FOREX gains just wanted to understand since we are net importers how did we get FOREX gains?

Chandramowli Srinivasan: We almost stopped saying FOREX gains is anything exceptional because FOREX gains really depend on mark-to-market or whatever liability you have booked first and then it really depends on at what rate you booked the purchase in the first place and what the closing rate or what's the rate on the date of payment. So, in that sense it's just is a matter of whether and in our case we are not so much dollar dependent, we are you euro dependence. The euro has depreciated compared to the dollar so between one month to the other you have a small sometimes euro INR appreciating against the euro one month to the other even though we might have depreciated against the dollar. So, to me FOREX gain or loss is really just end part of any other costs really to be honest.

Moderator: We take the next question from the line of Chirag Satalvate from HDFC Mutual Fund. Please go ahead.

Chirag Satalvate: Just a question on exports constituting what you said 21% growth in auto and 14% in industrial it implies about 40% de-growth in exports, so is that a correct number?

Chandramowli Srinivasan: Quarter-to-quarter 20% reduction on exports.

Chirag Satalvate: You said capacity addition you are spending 100-150 crores, how long will it be for you to sort of install this capacity at the type of constraint you are running at, what kind of utilization are you currently at?

Chandramowli Srinivasan: Currently we have a very-very high-level I mean we run most of our factories and most of our channels seven days to be 24 hours a day, 23 hours a day. In terms of installation of new machines generally it takes about 6 to 7 months for us from the time we take the decision to get the machines in place etc.

Chirag Satalvate: The breakup in auto segment between cars, two-wheelers, trucks.

Chandramowli Srinivasan: As I said before aftermarket is 1/3rd of the total auto sales and the balance 2/3rd is OE where it is almost equally split between four-wheelers and two-wheelers and four-wheelers I mean both cars, trucks and tractors.

Moderator: We take the next question from the line of Priya Ranjan from Antique Finance. Please go ahead.

Priya Ranjan: One follow up on the pricing behavior and the commodity cost inflation price is then you just quantify how much we have passed through, so can you just quantify how much we have passed through and how much is still left and what kind of timeline we are looking to completely pass through all these cost inflation?

Chandramowli Srinivasan: Firstly, there is no given that all the price increases will end up in a pass through. Having said that it is always a matter of negotiation, very hard, tough negotiation with the OEM customers especially Auto OEM customers and there is some time lag that happens between the time we incur the cost increases and the time we get. But what I can only say is that so far we've managed reasonably well in terms of managing our costs and our selling prices. We also work at such times with our mix to see whether some of the businesses which are maybe low margin businesses and with the material cost increase and if we do not get the price increase, do we need to do that business, should we get out of it, should we reduce it, so that also is something that we manage all the time to try and make sure that our sales mix and our cost mix is sort of gets balanced. Negotiations with OEM customers still continue and you will see some more price increase in fact coming through in the July-September quarter.

Moderator: We take the next question is from the line of Shradha from Edelweiss. Please go ahead.

Shradha: Just one question, on the wind side as you explained its 32% degrowth even in this quarter on a year on year basis, can you quantify as you said we are now kind of flattening out, so what is the QOQ in wind segment?

Chandramowli Srinivasan: We don't have the QOQ numbers, but I know Q-o-Q we actually went up this quarter compared to the previous preceding quarters. I don't have the numbers in front of me, but we are slightly better quarter April to June compared to January to March and July to December will be better than the first half.

Shradha: When contribution on an annualized basis generally earlier before this the growth would have been 10% which has come down to around 6% is that the right number?

Chandramowli Srinivasan: If I go back to 2016 it was 6% of our total sales and I would think that 2016 was reasonably good year for wind, so not 10, 10 is too higher. But its I would say 6%, today we are running at about 2% of our total sales coming from wind in the first half of this year that means January to June. But that will improve going forward but it won't come up to 6% for the full-year.

Moderator: We have the next question is from the line of Sagar Gandhi from ICICI Securities. Please go ahead.

Sagar Gandhi: My question is on the railway side, in the previous con calls you had highlighted that you are a supplier to LHB coaches which is why you are not able to supply to conventional coaches considering the 10% overall cap in the procurement side. However, this was going to change in FY19 as production factories will do their individual tendering, so any updates on that side?

Chandramowli Srinivasan: Individual wagon builders' procurement that has started still on a small scale only. It is still not fully been decentralized away from the Ministry of Railways to the wagon builders. That was just about started. I don't think that should make too much difference to our market share whether we supply it to directly to railways or whether we supply to the wagon builders because we have a feeling that the railways may still at least initially, tell the wagon builders to procure certain bearings from certain players depending on what has been their experience so far. As far as the freight coaches are concerned as I already said in the start of the conference in reply to some other question that we are now very close to finishing that required minimum quantity that generally takes about 3 years for us to finish after which we will be entitled to participate in the full quantity tenders that will start to come out thereafter.

Moderator: We take the next question from the line of Vipul Shah, individual investor. Please go ahead.

Vipul Shah: Within the industrial what is the mix between traded and manufactured?

Chandramowli Srinivasan: Traded is about 85%, manufactured is about 15%.

Moderator: We have another question from the line of Sagar Gandhi from ICICI Securities. Please go ahead.

Sagar Gandhi: In the previous con call I don't recollect but you had said approximately 5% of the revenue comes from electric vehicle segment, so any development on that front? Are you seeing some more traction from that segment?

Chandramowli Srinivasan: Electric vehicle, no not at all. I mean 5%, no. I don't think we have ever said I mean electrification in India has hardly started.

Sagar Gandhi: So, I think I was talking about the SKF Group, the parent company because they have started manufacturing of ceramic bearings as well in place of metal bearings for EV vehicles.

Chandramowli Srinivasan: That's right and I would be surprised that even their sales would be 5% but I cannot comment on that.

Moderator: We have another question from the line of Priya Ranjan from Antique Finance. Please go ahead.

Priya Ranjan: On the industrial side out of the overall traded goods side how much will be imported and how much will be domestically from other group companies?

Chandramowli Srinivasan: I don't have the exact numbers with me but I would think that out of the total traded good about 75% to 80% would be imported and 20% to 25% would be locally traded.

Priya Ranjan: In terms of railway, what is our share in industrial as of now?

Chandramowli Srinivasan: Railways is 7% of our total sale.

Priya Ranjan: How has been the growth in the last quarter?

Chandramowli Srinivasan: Compared to last quarter or same quarter last year?

Priya Ranjan: Same quarter last year.

Chandramowli Srinivasan: It's about 8% growth.

Moderator: Thank you. Ladies and gentlemen that seemed to be the last question for today. I would now like to hand the conference over to the management for their closing comments.

Mallika Apte: On behalf of SKF India, I would like to thank you all for joining us today in this conference call. Should you have any further questions for the management please drop me an e-mail at mallika.apte@skf.com. Have a great day ahead

Moderator: Thank you very much. Ladies and gentleman, on behalf of SKF India Limited we conclude today's conference. Thank you all for joining us, you may now disconnect your lines.