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The National Stock Exchange of India Limited
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G-Block, Bandra- Kurla Complex,
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NSE Symbol - TIMKEN

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai- 400 001.

Scrip Code- 522113

Dear Sir/Madam,

Sub: Transcript of Conference Call

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we attach herewith transcript of Conference Call for the quarter ended Call Q1 FY 2025-26 held on Friday, 1 August 2025. A copy of the same is also available on the website of the Company at below link:

<https://www.timken.com/en-in/investors/statutory-compliances/>

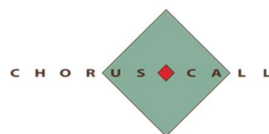
Thanking you,

Yours faithfully,
For **TIMKEN INDIA LIMITED**

Mandar Vasmatkar
Company Secretary
& Chief - Compliance



“Timken India Limited
Q1 FY26 Post Results Earnings Conference Call”
August 01, 2025



MANAGEMENT: **MR. SANJAY KOUL – CHAIRMAN AND MANAGING
DIRECTOR – TIMKEN INDIA LIMITED**
**MR. AVISHRANT KESHAVA – WHOLE-TIME DIRECTOR
– TIMKEN INDIA LIMITED**
**MR. SUJIT KUMAR PATTANAİK – CHIEF FINANCIAL
OFFICER – TIMKEN INDIA LIMITED**

MODERATOR: **MR. ANNAMALAI JAYARAJ – BATLIVALA & KARANI
SECURITIES INDIA PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Timken India Limited Q1 FY '26 Post Results Earnings Conference Call hosted by Batlivala and Karani Securities 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 this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Annamalai Jayaraj. Thank you, and over to you, sir.

Annamalai Jayaraj: Thanks, Huda. Welcome to Timken India Limited 1Q FY '26 Post Results Conference Call. From Timken India Limited management, we have with us today Mr. Sanjay Koul, Chairman and Managing Director; Mr. Avishrant Keshava, Whole-Time Director and Mr. Sujit Kumar Pattanaik, Chief Financial Officer. I will now hand over the call to Mr. Sanjay Koul for the opening remarks to be followed by question-and-answer session. Over to you, sir.

Sanjay Koul: Thank you very much. Thanks a lot. Okay, good afternoon formally. Good afternoon to everyone, and thank you for joining today. So it is obviously our pleasure to welcome you to this investor call for Timken India. And obviously, we are here to discuss the financial results for the first quarter of the financial year '26.

Obviously, our last quarter in FY '25, which was, as you all know, was historically, generally our last quarter is the best performing quarter. And as we enter the new financial year on a steady and a pretty disciplined note, our Q1 performance reflects the resilience we have in the demand and continued momentum in our core industrial segments and a pretty nice strong focus on the operational efficiency and execution as well.

So the update generally for the Q1 FY '26 is revenue from operations stood at INR808.8 crores, which was a 3.2% increase over the same period last year. So while it was lower due to seasonality after Q4, this remains our best ever first quarter till date. PBT came in at INR130.4 crores, broadly flat on a Y-o-Y basis and lower sequentially as expected. PBT margin was healthy at 16.1% compared to 16.6% in Q1 of the previous year, same period, supported by cost control efforts.

Amid as we know, there is some softness in volumes, and there are obviously always the cost fluctuations. Bharuch plant continues to stabilize well. We have successfully capitalized 1 CRB line, and we have commenced the commercial production in late June there. And obviously, we have started invoicing from July. We remain committed to building capacity for growth and improving efficiency across the supply chain.

Investment in rail expansion in Jamshedpur and some plain bearings in Bharuch is progressing as per plan. Overall, the macroeconomic uncertainty continues. We are cautious, optimistic about the demand environment across our key industrial sectors. Our focus remains on execution excellence, operational disciplines and delivering value. With that, I would now stop here and throw the lines open for questions.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Mukesh Saraf from Avendus Spark.

- Mukesh Saraf:** My first question is on the revenue mix. If you could give us the mix in the first quarter? How much was from railways and the other segments that you usually give the breakup for?
- Sanjay Koul:** Sure, Mukesh. Thanks for the question and our mix in the Q1 FY '26. Rail was INR196.5 crores which is 24% of the total pie. Mobile was INR156 crores, 19%; distribution was INR146 crores, 18% of the pie. Process was INR142 crores, which was 18% of the pie. Exports stood at INR164 crores, which was 20% of the pie and a little bit of an export incentive. So overall, it was INR808.8 crores.
- Mukesh Saraf:** Sure, sure. And secondly, on the new plant, you said that you have capitalized 1 line. Could you -- now that it has started operations, could you kind of give an update? I think last time you had mentioned that by end of this year, you're expecting to hit a utilization of 45% for this new facility. So how do we kind of look at it now? Does that stay the same or is there some change to that estimate?
- Sanjay Koul:** I think more or less, we will be there. We would be staying course. The first line is capitalized. And the other lines of spherical roller bearing etc., hopefully, will shortly get capitalized. And we should be able to deliver almost same. A couple of percentage here or there. But yes, we would be there. The factory, people, training, new lines, qualifications, PPAP, so a lot of busy time there.
- And yes, to direct to your question, Mukesh, we should stay course for the kind of that target, what we spoke earlier as well.
- Mukesh Saraf:** Right. In relation to this, you had also mentioned that about half of this would be exports. And with all the noise around tariffs and the fact that there is expected weakness in the Class 8 trucks industry in North America. We still think exports -- we're still confident that exports can kind of grow from here?
- Sanjay Koul:** I think obviously, this is a CRB, SRB. So Class 8, this could be sold. So that is out. It is not great news on the tariff side. So obviously, U.S. is a pretty big market. Though for CRB, SRB, our target market of exports are rest of the world, Australia, South Africa, Europe, ASEAN, et cetera. And obviously, some would have gone to U.S. as well.
- Now how does this tariff? Obviously, nobody knew about it previously, and nobody knows even as we speak, how it will happen by the end of the August. So nobody can predict it. Experts say that they might fall down to 15 eventually, but we will see. But overall, I don't think -- it is not great news. Obviously, U.S. is a great market. This is a market, which everybody loves and everybody wants. We are not connected to class -- so that is disconnected here.
- Mukesh Saraf:** But the overall exports, still there will be a Class 8 impact?
- Sanjay Koul:** Yes. I think, obviously, we are looking at all the markets closely, and we are looking at tooling up and things like that. And obviously, U.S. -- derisking U.S. on this is part of the whole plan. So I don't think it is a showstopper, but it is certainly a speed breaker a little bit here and there. So we will risk mitigate that.

- Mukesh Saraf:** Got that. Got it. And just last one clarification, sir, now that we have capitalized the lines, we have still not seen the depreciation or any fixed overheads?
- Sanjay Koul:** capitalised in last week of June, so you'll see in next quarter.
- Moderator:** The next question is from the line of Ankur from HDFC Life.
- Ankur:** If you could just talk a little on the rail and the process market, how are these doing? What are your growth expectations from these markets? Would it be led more by industry growth? Would it be led by more market share growth? Just some more color that will be helpful?
- Sanjay Koul:** Sure. So on rail, as I always say, the growth will be there. It will be slow and steady overall. And generally, the wagon builders have their own targets to complete. So the last quarter is always a quarter which is always busy so that people complete the orders and things like that. So that remains there.
- This railway business and many of the businesses are cyclical in nature. So overall, rail as a segment is not -- never going to be hockey stick. It's going to be decent growth, and there would be some quarters of weakness, some quarters of strength. But overall, Indian Railways is committed.
- So I don't see there is any such change in the policy. So that is happening. And then the DFC is slowly becoming better and better and better, which means that freight goes to dedicated, you can put more passenger trains on these tracks, which means that now the passenger trains are not going to be the old Schlieren.
- They are all going to be Vande Bharat platforms and which means that the tapers and connected bearings have that. So there is two aspects to the rail. It is passenger, it is locomotive, it is the metro, and it is freight. So apart some segments, there is growth in the market and some segments, especially in the locomotive segment, for us, it would be also market and penetration. Freight, we are generally leader.
- So market growth and maintaining our leadership would be there. And rail will keep on growing in India. When you see it has to be seen on a 5-year horizon rather than a quarter-to-quarter. And then on the process side, I think you people know that process -- the major process is stationary equipment, which is metal, which is energy and which is infra, which is cement, et cetera. So these are -- these three, four core sectors.
- So mining is weak. It's not great. But -- you certainly has -- solar is booming. We don't do much solar yet in India, but we have started doing a little bit, but wind is doing very well in India and will keep on growing. On steel, it is a mixed kind of thing. More investments are needed to be done by the steel industry in India.
- There is -- obviously, they need to be -- they need to see the demand out there. And I think last quarter, the demand was a little bit less, and you see the melt has also gone down a little bit. So process industries a little bit of a mixed bag there. While wind is doing okay, steelmaking is a little bit sluggish and cement is also a mixed bag a little bit there. And that obviously is

connecting to more spending on the infrastructure and then people investing in this steel, et cetera.

So overall story is going to be okay. And quarter-on-quarter, there will be these changes. And then geopolitics has this own emotional impact, both on the market and on the industrial people, who have to invest. But I am kind of very optimistic that the overall story on process and rail, I always believe, knowing rail a little bit well that it is going to be slow and steady growth because of many, many factors in there.

Ankur: So reasonable to assume that rail probably grows in double digits and process maybe in high single, mid-single. Is that how we should look at the market at this point?

Sanjay Koul: I don't think rail can be double digit. I don't think rail can be double digit. And though next -- this -- if you go into '26, '27, we are still saying that the overall GDP is going to be 6.1% or 3, 4, 5. But both rail and process would be high single.

Ankur: Fair. And also your view on the CV industry as well, if you would. I remember you said more like a 3%, 4% growth was what you were expecting at least maybe a quarter back, but...

Sanjay Koul: Yes. So it would be -- see, this is -- there are three ways to look at this. One is average, one is poor, one is optimistic. So now it is your call, what you want to look at it. So it is between 0 to 9, you have to take your call, whether it is going to be optimistic, average or poor.

Ankur: Okay. Fair. And just lastly, if I may, on your gross margins, we did see a dip this quarter by about 50 basis points. And even overall EBITDA is about 18%. We used to be in that 20% plus range maybe a year, 2 years back. Do you believe we can get back to that 20% plus kind of range anytime soon or is it going to be more -- still we get faster revenues and leverage, we don't get back to that 20% plus range?

Sanjay Koul: So Ankur, you have -- your question has the answer. You know the business very well. So when you have the volumes, your leverage is better. When your leverage is better, your cost is better. So it is a simple game. In the game of manufacturing bearings, Volume leverage is a big play.

Moderator: The next question is from the line of Vimal Jamnadas Gohil from Alchemy Capital Management.

Vimal Gohil: Just one follow-up on Bharuch ramp-up. You mentioned the billing started from July. Would it be fair to assume that whatever is being billed as of now is mostly for export markets this quarter?

Sanjay Koul: I am sorry Mr. Vimal you had started asking the question and unfortunately technology failed us and we got disconnected.

Vimal Gohil: Sure. No issue, sir. I will repeat my question. Sir this was a follow up for the Bharuch ramp up that we saw this quarter. You mentioned that we started billing from July onwards. I just wanted to check if most of the revenues or whatever that they we have build this quarter is mostly for the export market, would that be a fair assumption or is it fairly spread out between exports and domestic?

Sanjay Koul: No, we did not billed anything in the April, May, June.

- Vimal Gohil:** No, I'm talking from July onwards. Whatever we are billing...
- Sanjay Koul:** July, it was export.
- Vimal Gohil:** Okay. Fair enough. And sir, while you mentioned the mix, is it -- if my calculation serves me right?
- Sanjay Koul:** No, rail was down, so volume was down. So obviously, rail was -- generally, last quarter is good. And our last quarter in rail last time was the best ever in 30 years, INR303 crores. So rail was the major mix, which was down.
- Vimal Gohil:** Right. And sir, if I were to look at the overall mix, it does seem that there is a fair bit of export incentive this year, about INR90-odd crores. Is that calculation correct?.
- Sanjay Koul:** No. We don't have any export -- 36 million it is. Actually, it is for the quarter is 36 million, which is about INR3.6 crore. Wish we had INR90 crores, I would have been happy.
- Moderator:** The next question is from the line of Rishi Vora from Kotak Securities.
- Rishi Vora:** My first question is around exports. Can you just give us what would be our geographical mix at, let's say, in FY '25 or 1Q of FY '26? And secondly, if the tariff situation persists, which is at 25% today, how will the pass-through happen with our parent? Any color on that, that will we be able to pass on all the impact or will we need to share the cost with the parent? Just any color on that?
- Sanjay Koul:** Yes. So the verdict is not yet out on the tariff. So obviously, in this game of negotiation, putting pressure, all that is there. So you guys know it better than me. So I think even if it is whatever, 15%, 20%, 25%, that is the import tariff, which has to be paid by the buyer. So I'm a seller. So somebody has to buy it and clear it and sell it onwards.
- So now if there is 35% on China, on tapers for China, it was more than 75% for 30 years. So that remains there. So where are the product going to come for? That is also a large question. And the cost of energy and cost of labor in Europe and the problems in Europe, even if there -- this is only 15% still would weigh towards this.
- So I would say that while America is a great market, and this is a market, which has obviously a huge base, close to \$30 trillion. And then the consumption is pretty significantly high. So that market is important for everybody. But at the end of the day, if the duties -- the way we see it between the cost of manufacturing in Mexico and their duties, cost of manufacturing in China, their duties, cost of manufacturing and the base in India and then compared to Europe, I would say that I can only assume and guess.
- Obviously, we have to wait and watch how it pans out. But at the end of the day, the cost of manufacturing in U.S. is going to go up or consumption is going to go up because putting up if the intent of the U.S. is that this will bring manufacturing in, then the infra has to be there. steelmaking has to be there, forging has to be there and casting has to be there, that infra has to be there.

And the biggest thing is that is power available in the U.S.? Is the enough energy available there? et cetera. So I think certainly an important market, U.S. and there would be -- there are tariffs going to be. India has, say, on steel, which is whatever 12%, 13%, 14%. We are importing, things like that. And if it is 15% there, they are importing. So I'm not worried, though it is to be seen how it pans out, but it is not a worry.

And then it also gives us a good chance to make sure that you don't go after an easy market. If you have the product, you have the technology, you have the cost, quality etc., then U.S. becomes a pretty easy market, if I can use that word. So we don't have to take it in literal sense, compared to other markets where the currency challenges or the other related challenges are there, but it kind of forces you to excel in those markets.

And when we exported our first bearing from the new Bharuch plant was to North America, was to another new customer in a new territory. So overall, I'm not worried. It is a cause of how do you position yourself and how it pans out. But overall should not be really that -- as the -- more worrisome is the U.S. economy.

That is more worrisome. My worry is more on the U.S. economy. How does the U.S. economy has they bottomed out or it is a soft landing and is '26 going to be coming up strongly. I think that is more important than -- this is important, of course. But this has to be seen how it happens. But more important is U.S. market going to revive quickly or not.

Rishi Vora: Understood. And sir, what would be our geographical mix of exports?

Sanjay Koul: So generally, I think it is 50-50, roughly, we have 5% here and there, generally 50-50. And in that geography, North America, we have between the heavy truck and rail is 50-50, America.

Rishi Vora: Okay. And in the rest of the 50, what would be our end market?

Sanjay Koul: This is the same mix, tractor, off-highway, trucks, trains, rail freight.

Rishi Vora: Understood. And sir, my second question is on the CRB, SRB, which we have exported in the month of July. Again, over here, what would be our end markets which we are targeting at this point in time? And I think we are guiding for 40%, 50% exit utilization at the end of this financial year.

So as we go into second half, I am assuming that even in the domestic market, we'll start supplying. So again, have we seen any order visibility over there or any color you could give on that would be helpful?

Sanjay Koul: Yes. So we have -- obviously, when you start a plant, you have to first -- all the potential customers will approve those lines, PPAPs and things like that. So those processes are on. And -- and we certainly have a domestic market, rather a very strong domestic. So just for the sake of application, it goes into cement industry, it goes into material handling equipment.

It goes even into railway, which we are not supplying till date. Say, for example, in Indonesia and Malaysia, the palm oil crushing uses spherical bearings, thrust spherical and spherical. So

there are diverse areas, but largely cement, energy, palm oil crushing and other related areas. So it is even including railway. So wherever you see in auxiliary equipment in the steel plant, auxiliary equipment in any other plant, you'll see SRB.

Generally, the difference between SRB, it is generally used where it can align itself. If there is a misalignment a little bit, spherical have a good role to play. And this is across, say, for example, if there is a large material handling, somebody is being a stackers, reclaimers, crushers, it will use SRB, CRBs.

Rishi Vora: Understood. And sir, which -- like in the domestic market, have we -- do we have any order visibility at this point in time?

Sanjay Koul: Yes, we are doing the PPAPs, so we are getting qualified. We sure have. And as we start getting qualified, we will start pitching in for more like for railways, there would be qualifications required. And I can tell you that one of the locomotives, we have won the first order from Indian Railways as well on a locomotive application.

Rishi Vora: Understood. And sir, lastly, any order book which you can share for the CRB, SRB, which you have both domestic, export combined?

Sanjay Koul: No, I cannot share the order book yet because obviously, for the right reason. But as I said that we are racing towards filling up the plant. And as I said, the 50% utilization by the end of the year, and that is the endeavor.

Moderator: The next question is from the line of Mayank Bhandari from Asian Market Securities.

Mayank Bhandari: Just wanted to highlight one point, which you have mentioned in your annual report, there is additional that you are investing INR120 crores for the capacity of cup and cones in railway facility in Jamshedpur. So is this part of something new which you announced or you already announced it before?

Sanjay Koul: Mayank, we announced it before.

It is already announced and...

Mayank Bhandari: Okay. So what kind of asset turnover and all you put project from this INR120 crores?

Sanjay Koul: So this is -- as our factory in Jamshedpur is catering to obviously India, Indian subcontinent also exports and then the growing need of heavy-duty bearings in South Africa and U.S., et cetera. So it is aimed towards that. And on asset terms, more than two for every dollar invested, that is the endeavor.

Mayank Bhandari: Okay. So this is basically, we are getting into component manufacturing through this...

Sanjay Koul: This is capacity enhancement of what we have.

Mayank Bhandari: For the TRB only?

- Sanjay Koul:** Yes. These are all tapers. These are all tapers for rail lines for railway business. These are the tapers, which we call as CTRB. These are sealed bearings, sealed tapered roller bearings.
- Mayank Bhandari:** And sir, just in terms of the export thing, you mentioned that you are more worried about the demand from the U.S. If you could just highlight?
- Sanjay Koul:** In general, I said, yes. So the question was -- the answer was in general to Rishi's question was, in general, is tariff from a best cost country like India, China, et cetera. The worry -- tariff obviously is a little worry. Larger worry is always the -- just imagine if the American market is booming and they need bearings, do you think that tariff will be a worry?
- When the offtake of demand takes and consumption needs, then the -- say, for example, the gems -- from India, the gems to America is USD10 billion. Even if the tariff is 50%, do you think it will stop? It will not stop. The buyers are the guys who buy gems don't care. It is even further investments.
- So when the demand picks up, that is the time -- for example, in India, demand picks up, there is a time you get better pricing. So it is to be seen. Tariff is obviously is a challenge. And especially when the world had enjoyed lower tariffs into America and people had got accustomed to whatever, 5.6% as tariff there.
- So now that all of a sudden, that 10%, 15%, 20% delta, somebody has to absorb. So that is there. But bigger worry for the general economy is when America picks up. So that, I would say, would be more important, more worrisome than rest, if in general, I'd say.
- Mayank Bhandari:** But then like which geography becomes much more attractive in terms of importing U.S.?
- Sanjay Koul:** So for example, Indonesia is picking up. Vietnam is picking up. South Africa is picking up. Australia is also not that bad. So other geographies are also picking up. And North America, obviously, has it -- the question is, has it already touched the bottom and the soft landing has happened or it will further fall in the next 2, 3 months, 6 months, we'll get to know. A lot of people are saying that next year '26 might be the start of the revival of America, but that is what the economy, some of the guys say' So yes.
- Moderator:** The next question is from the line of Alka Chandrakant Kanase who is an Individual Investor.
- Alka Kanase:** My question is regarding the portfolio, parent's non-bearing portfolio. Do you have any plans finalized yet for India rollout?
- Sanjay Koul:** So this is obviously a very nice low-hanging fruit, if I can use that term, that the parent has the technology on lubrication on chains and belts and other related areas as well on linear motion bearings, on plain bearings, et cetera. So plain bearings, we announced last time, we have started the first step of investing the first line on plain bearings, which is getting -- hopefully, next year, we'll start producing in Bharuch.
- So that is happening. But if you ask on the industrial motion big ticket item like couplings, et cetera, et cetera -- so we are -- we have the technology. Now how do we do a greenfield,

brownfield, M&A, all that stuff. It is a continuous discussion and continuous looking around. So that is where we are.

It is definitely a low-hanging fruit, if I can use that term once again, I'm saying that because of the technology which is available with the parent of Groeneveld-BEKA on lubrication and then Diamond, obviously, on the chains and Carlisle is on the belt and Lovejoy on the coupling side.

So yes, it is a continuous discussion, and we have to be careful investing, looking at the markets, et cetera, et cetera. And we are continuously looking at all aspects so that we can harness the growth in India in industrial motion.

Alka Kanase: Okay. My next question is regarding the services income. In process industry, we were talking of monitoring the bearings and repairing them and all that stuff. So do we report services income separately?

Sanjay Koul: No, we don't. We don't. And we don't do that separately, but we are continuously, I can tell you that the endeavor is on. We maintain almost more than two dozen sites within the steel companies where we do choking, de-choking, grinding, et cetera. And similarly, on bearings, we do thousands of bearings for repair, which is not actually repair, which is a refurbishment is the right word for that. And that business is bound to grow in India.

After some time, the big bearings for the wind will also need that. So we are on that, but we are not reporting it separately.

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

Ankur: Just a quick follow-on on the Bharuch factory. And as you said, you touched about 45%, 50% utilization in the next one, two quarters. So fair to assume this adds about INR200 crores, INR250-odd crores to your top line on a quarterly basis, assuming about INR800,000 crores annualized. Is that how we should think of it?

Sanjay Koul: I think we will need one more quarter. Obviously, smaller bearing are small value, large bearing are large value, we'll see the mix. Same question we are looking ourselves currently, looking at the demand, which is flowing in.

As you can see that we have just started PPAPs and every customer has to qualify us, that is happening. So it would be fair on my part to answer this maybe 1 quarter down the line. Thanks. I think we can get the last question. I have a stop at 5:15. So any last question, we can take that. I think more or less, we have covered everything.

Moderator: The next question is from the line of Rahul Kumar from Nuvama Wealth.

Rahul Kumar: Just one question on capex. What is the expectation for FY '26 for capex?

Sanjay Koul: So for the rail expansion, which will happen that is INR120 crores and then the first plain bearing is roughly INR35-odd crores. So that is on this immediate expansion capex is around INR150-plus crores that is going to happen between now and next year.

Rahul Kumar: And on maintenance?

Sanjay Koul: Maintenance is the usual, that remains the usual. So we don't. We don't short charge. So we go as per the norm on maintenance, so that will flow as it is flowing.

Rahul Kumar: Okay. Thank you. That's all. Thank you very much.

Sanjay Koul: Okay. Thank you, Rahul. Thanks a lot. Thanks for your time today. I'm sorry in between the line got disconnected. I think we had answered most of the questions. And with that, I wish everybody a very good evening. Thank you very much.

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