**Mandar Vasmatkar**
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30 June, 2023

| The Secretary<br>National Stock Exchange of India Ltd.<br>Exchange Plaza,<br>Plot no. C/1, G Block,<br>Bandra Kurla Complex, Bandra (East),<br>Mumbai – 400 051.<br>**NSE Symbol: TIMKEN** | The Secretary<br>Bombay Stock Exchange Ltd.<br>Phiroze Jeejeebhoy Towers,<br>Dalal Street,<br>Mumbai - 400 001.<br><br>**Scrip Code: 522113** |
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Dear Sir/Madam,

**Sub: Update regarding Conference Call**

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we attach herewith transcript of Conference Call – held on 26 June, 2023. A copy of same is also available at the website of the Company at below link:

https://www.timken.com/en-in/investors/statutory-compliances/#analyst

Thanking you,

Yours faithfully,
For **TIMKEN INDIA LIMITED**

MANDAR MOHANIRAJ VASMATKAR
Digitally signed by MANDAR MOHANIRAJ VASMATKAR
Date: 2023.06.30 13:05:52 +05'30'

**Mandar Vasmatkar**
**Company Secretary**
**& Chief - Compliance**

“Timken India Limited

Analyst/Investor Conference Call”

June 26, 2023

**MANAGEMENT:** **MR. SANJAY KOUL – CHAIRMAN AND MANAGING DIRECTOR – TIMKEN INDIA LIMITED**
**MR. AVISHRANT KESHAVA – CHIEF FINANCIAL OFFICER AND WHOLETIME DIRECTOR – TIMKEN INDIA LIMITED**

**MODERATOR:** **MR. ANGAD KATDARE – MONARCH NETWORTH CAPITAL**

**Moderator:** Ladies and gentlemen, good day and welcome to the Timken India Limited Conference Call, hosted by Monarch Networth Capital. 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 star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Angad Katdare from Monarch Networth Capital. Thank you and over to you, sir.

**Angad Katdare:** Thank you, Ryan. Good afternoon, everyone. We are pleased to host the Senior Management of Timken India, represented by Mr. Sanjay Koul, Chairman and Managing Director of Timken India, and Mr. Avishrant Keshava, who is the Chief Financial Officer and Whole-Time Director of Timken India. Let us start the call with the small brief from the management and then we'll move on to the Q&A.

Thank you and over to you, sir.

**Sanjay Koul:** Thank you, Angad. Thank you very much. Thanks, everybody. Good afternoon from joining the call. The main agenda for my call is I owe at least a communication that our principals recently, which obviously everybody must have known in the marketplace, sold off 10% stake, and which brings the Timken Singapore stake from 68% down to 58%. And obviously, we started with a stake of 80%, then went down to 75% as the law of the land mandated, and then we did a no cash share swap deal when we took over ABC.

We came to roughly 68% and now the principal for strategic reasons have used the stake and we are at 58% now. And with that, I wanted to communicate that the strategic direction of the company, that is Timken India Limited, remains the same because Timken still remains a majority, anything above 50 remains majority stakeholders.

And in terms of technology, in terms of related things, everything remains the same. And we will continue serving the market for both exports, which is our major segment, and then followed by the domestic market, which is rail, industrial aftermarket, RE is becoming more important. So we will remain focused as we were, and as I have communicated before also, we don't play these commodity markets of two-wheeler, three-wheeler, small car. So, we will remain focused on rail, on RE, that is becoming bigger and better in India, metals, passenger, freight, etc., food and beverages becoming another new important market. So we remain focused on that.

As I have been telling before as well, the Indian bearing market is less than US$2 billion, while the Chinese bearing market, for example, is US$20 billion. So there is a huge growth coming into India as India becomes better-and-better on industrialization. We are at $3.7 trillion going on to $5 trillion, manufacturing slowly becoming 20% to 25% of that. So this pie is going to become bigger and better. Our focus on, our -- building our new plant in Bharuch is the same. We are building that at a very high speed, and hopefully by the end of next year, we will have the protos rolling out.

Timken remain focused on creating value, which is our business model, creating value and using all our engineering might to go after the harsh application. Megatrends in India remain pretty good. Urbanization and smart cities - they are coming up, which is important for infrastructure. Electrification is happening, which is also good in the sense that railways are getting electrified. Though the auto OE side, we don't get impacted much currently. Energy transformation is very important. I think, everybody knows that on the wind -- offshore wind energy, there is a new focus from the government of India, which is very, very important. Population growth, which is helping food and beverage market to grow. And then the AI and digitalization is helping manufacturing a lot.

So with that, I will stop here for a minute and see if there are any questions. The main idea of today's call was to communicate that Timken remains focused on the Indian market. It is a home market. TIL remains same, focused. And as you know, our peer group ownership is also in the 50s, so it is nothing new or strange. But we will keep on growing in India and TIL will remain a strong Timken arm in India in terms of gear value-add and we remain focused on creating more value for our shareholders.

I will stop here and take if there are any questions.

**Moderator:** Thank you. We will now begin the question-and-answer-session. Our first question comes from the line of Vipul Shah with Sumangal Investment. Please go ahead.

**Vipul Shah:** Hi, sir. What type of turnover we can expect once this expansion program of INR600 crores is completed within two years?

**Sanjay Koul:** So the turnover over a period of time, you know, for every dollar invested or every rupee invested 2x to 3x the asset turn going to be, obviously, the ramp-up and all that taking place will take two years to three years to reach that, but that is what we aim for.

**Vipul Shah:** So the final asset turn will be $3 per $1 of capex, is that understanding correct?

**Sanjay Koul:** Between $2 to $3.

**Vipul Shah:** Okay, sir. Thank you.

**Sanjay Koul:** Thank you.

**Moderator:** Thank you. Our next question comes from the line of Mahesh Bendre with LIC Mutual Fund. Please go ahead.

**Mahesh Bendre:** Hi, sir. Thank you so much for the opportunity. Sir, I just wanted to know, I would like to hear from you regarding the near-term business outlook on -- both in domestic and export. Although, we had reported a very good growth last quarter, but if you look at the peers' numbers, they were not very encouraging. So I'm just trying to understand for industry as a whole, where do you see a near-term outlook?

**Avishrant Keshava:** So you know, I'm not going to give TIL outlook for future. I'm not going to tell what is our forecast for this, but in general, India is doing okay. So in general, India as a country is doing pretty much okay. Though, there are dips here and there, so we don't see the real slowing down, don't see the infrastructure slowing down, though obviously, you know, monsoon and you know, it is cyclical in nature. So those things are out there to play, but overall domestic remains pretty much okay.

Exports, on our side, we export to the world, but in general, we see that American market, there is a huge sentiment there, which is suggesting that there is going to be a recession. My personal take is that it is going to be softening of the US market, not completely falling by the rock. So that is what is in general, and as we speak, we are seeing pretty much okay traction on our class.

**Mahesh Bendre:** Okay, sure. Thank you so much, sir.

**Moderator:** Thank you. Our next question comes from the line of Abhishek Ghosh with DSP. Please go ahead.

**Abhishek Ghosh:** Yes, sir. Thank you so much for the opportunity, sir. So just a couple of questions in terms of the stake sale that has been done by the promoter entity. If you can just help us understand, is there a need of cash at the parent level, or how should one look at it? While you have mentioned that the commitment remains the same, but just from understanding because the last two dilutions, which we had seen were largely on account of one was to bring down the overall stake below 75%, and second was because of the Indian acquisition. So if you can just help us understand, it will be helpful, sir. Thanks.

**Sanjay Koul:** You know, it is a Promoter's call, so I'm not privy to that call. But in general, as we understand, Timken is a pretty much a stable company, is one of the most profitable bearing companies. So I'm sure this is for strategic reasons, not for any reason which is urgent or immediate or catastrophic in nature. So this certainly must be for strategic reasons. But at Timken India Limited, tactical level, functioning level, we are galloping and we are working towards our targets. So there is no change on that.

As far as how that cash will be used, I'm sure that they will announce it in time to come, they will reflect in their own earnings. But these are certainly for strategic reasons and not for any catastrophic reasons.

**Abhishek Ghosh:** Okay. That's helpful, sir. Sir, other thing is, if you just walk through your margin profile over the last few quarters, they have been fairly volatile. And if you look at it, in last two or three quarters, the margin profile has been softer because of I think the product mix. So how should one expect in terms of margin profile? Is it only going to come up with better exports now that raw material prices are beginning to come down? Just some color there will be helpful, sir.

**Sanjay Koul:** You know, the color I can give you, looking at say, the last five years, the revenue for Timken India Limited in last five years, if I take '18 as a base, have doubled. Our EBITDA margin have been around 20%, 20-plus percentage. Even FY ‘22, we were at 23%, then we came down because obviously of the alloy steel pricing etc, our EPS, last five years have been a CAGR of 31%. So now looking at, quarter-by-quarter, obviously, there are those volatilities. There was two years back, logistic was a big challenge, steel became a big challenge.

So all these challenges were very much there. Now the steel prices are coming down. And then the battle still remains with the OEs that energy cost has gone up, manpower cost has gone up, so you know, those cannot be passed on. So these are continued, there is the Indian market in these terms are a little bit volatile, but I think, generally, if you see our last three, four years, we've been at the range of, EBITDA has been at the range of 20-plus. So that has been our history so far.

**Abhishek Ghosh:** Great. So just one last question. Railways, which is almost about 16%, 17% of your overall top line of FY '23, that seems to be seeing a lot of inflection and there seems to be a lot of growth which is coming in. So how should one look at that segment over the next two to three years given the overall investments that one is seeing in terms of wagon manufacturing, the new Vande Bharat trains, just a thought there, what can it look like in next two to three years?

**Sanjay Koul:** So, you know, I think rail will always grow in India, because the base of the rail in India is pretty much weak. So this has to keep on growing, though, this pace could be very fast, but it will be pretty decent growth in next 10 years, there has to be, more freight corridors has to be built, the old Shaladian will have to go away. If you -- we had -- the Indian Railways had a serious accident in Odisha. But if you see the coaches did not crumple this time, because freight LHB coaches were used. Though, there was obviously a high speed disaster there. But generally, if the Shaladian would have been they would have all collapsed, death rate, God forbid, would have been very, very high.

So, all this Vande Bharat is just that is coming out of the latest platform out of railways. So this growth will remain there, but this growth has to go, India has to carry more freight, more dedicated freight corridors, more ex-load, more passenger. Now that passenger wants more comfort, so obviously Vande Bharat and elite trains just now they announced Vande Bharat with sleeper. So all this will mean that more and more build has to take place.

And also, I see a lot of traction from Railway Ministry now on safety, which means that only technological companies which have really technical strength will be able to deliver those products which now the railway is asking for. So I think, it is going to remain solid for good companies in bearing and allied areas. And we are well entrenched in this market, very well entrenched and we will for sure contribute to the growth.

**Abhishek Ghosh:** Thank you so much for answering my questions and wish you all the best, sir. Thank you so much.

**Moderator:** Thank you. Our next question comes from the line of Bharat Sheth with Quest Investment Advisors. Please go ahead.

**Bharat Sheth:** Hi, good afternoon sir and thanks for the opportunity. Sir, in your opening remark, you say, also mentioned that RE is a major focus. So far I mean, wind power was not very significantly happening in India. And with now, all I mean, whatever issue has been resolved by the government and we are understanding there is a huge traction in the RE wind side. So if you can give some color what are current level and how do we see that business? And you also alluded on the export US, so where do we like to see our export? Say in coming five years, the way you said, in five years, we double so on this base, how do we see five years?

**Sanjay Koul:** So on the RE side, if you see India is pretty much burning coal to generate power. Still our majority of the electricity is coming from coal-based plants and it is only last four, five years now solar is contributing. India is blessed with a long shoreline, though the wind tunnel inland is weak but our offshore capability is huge. So India per se, today is making gear boxes which are getting exported out of India.

The Chinese plants are full, the gear box, the good companies, their capacities are full. So even for export of the gear boxes, there is a good chance for India to ride the wave. Obviously, every company sees it a little bit differently. I don't know how our peer group is looking at it. But how we look at it currently, ourselves is that the RE has become, even within our portfolio of Timken India Limited, it has almost, it is double digit of our portfolio.

And this offshore as they install the 8 megawatts, 6 megawatts, I was calculating, they said 140 watts and divided by 6 megawatts, 20,000 gear boxes and allied equipment would be required if Government of India hits the plan of their wind energy. So, wind energy has a big scope because India generally is producing very few, out of wind. Shoreline is great, especially the shores inside of Kutch, etcetera, where we cannot use it much for maritime navigation, so that can be used pretty nicely.

So, that coming times on wind, both for domestic and I hope for exports also remain vibrant as Flender, ZF etc. will start exporting more and more out of India because the European wind market is going to compete. The European in Europe will be competing with the Chinese wind market. So best cost countries will remain very important.

So, I think wind is going to be growing in India and for the bearing guys, if it is direct drive or if it is gear box driven, a lot of bearings will get consumed. The size range, we have to see, what kind of size ranges will be required for that. So as far as exports are concerned, Timken India is committed to have well diversified market sector mix and export is part of that. We have been consistently exporting, if you see, last more than a decade, it has remained a good share and it will remain as a good share, our export out of our Jamshedpur plant and Bharuch plant and then future the new plant which we are building at Bharuch.

We all are focusing for critical markets, strategic markets within India, but at the same time, export is going to remain important because of the fact that, large bearing out of India going to ASEAN, going to Australia is lot more convenient than any other place extra. So we will remain very focused on exports. It remains important for the principle as well to utilize India as its best cost country source and obviously, China Plus One is playing its role as well.

So all put together, I see exports will remain firm. Now obviously, every market will not remain always growing around the world. There will be dips and ups and downs, so that has to be seen over a period of time, but generally for us, exports will keep on growing. And as we have proved in the last five years, we have doubled. Obviously, we want to keep on growing our share of business in India, growing our exports out of India and Indian market is growing at 7-8%. So, 7-8% plus, if I outgrow the market a little bit, so that can tell you the story on, how do we want to grow in Indian market.

**Bharat Sheth:** Adding to this, RE aside, when we are talking of offshore wind, where the bearing requirement will be much larger, so are we having a strategy to whenever opportunity comes to manufacture in India or will it be imported?

**Sanjay Koul:** So, in order to obviously, we have to see, how it grows as depending on what size it is going to be, 6 megawatts or is it going to be 14 megawatts? So it is still unknown, but as it unravels, large size bearings in India are still not produced. The supply chains are still evolving in that, steel for large bore is still not available, but everybody is watching as I am connected to the industry. So everybody is watching, how it is going, what kind of investments are required, both in terms of steel making or forging and things like that. So all that is going to evolve and initially, we will certainly use our global facilities and import into India and as the critical mass grows, definitely these are large bearings. They should be made closer to the customer rather than away from the customer.

**Bharat Sheth:** Thank you and all the best, sir.

**Moderator:** Thank you. Our next question comes from the line of Mukesh Saraf with Avendus Spark. Please go ahead.

**Mukesh Saraf:** Good evening, sir. Thank you for the opportunity. Just a question from my side, again from the parent's strategic perspective. Is there any change in the way the parents are looking at the other entity in India, Timken Engineering? Could you give some color on that? So will there be any change in the way we deal with them, the parent which is better today? Anything on that side will be helpful, sir.

**Sanjay Koul:** Mukesh, sorry, your voice was breaking but if I could get the question, is it that, how the principal would look at the other entity in India?

**Mukesh Saraf:** Yes, absolutely, sir.

**Sanjay Koul:** No change in that, absolutely no change in that. Timken India Limited would be the growth engine for Timken in India, both in terms of investment and sales in India and that focus remains. I don't think that is changing anyway. It is going to remain focused as TIL as the growth engine and obviously, for good governance globally, we want to make sure that, we follow the good governance rule and that is how, Timken works globally. So let us see, what happens in the future but TIL remains the focus.

**Mukesh Saraf:** And just in continuation to that, sir, once our plant in Gujarat starts, will there be any difference in the way, we deal with Timken Engineering in terms of some of the traded goods there? Will you want to be manufacturing more of those at the Gujarat facility?

**Sanjay Koul:** No, same, if again, your voice is not clear, so whatever we manufacture in Bharuch, those sizes will only be made in TIL in Bharuch. Engineering will be free flowing and we follow the same royalty pattern.

**Mukesh Saraf:** Right, all right, sir. That is what I wanted to ask. Thank you so much.

**Moderator:** Thank you. Our next question comes from the line of Achala Kanitkar with Aditya Birla Capital. Please go ahead.

**Chanchal:** Hi, thanks for the call. Chanchal here, Achala's colleague. Just most of our questions are answered. Just one thing, globally, you have diversified to industrial motion, which is almost 30% of the business. India bearing is the bigger component. So any thought on diversification of India business and becoming a big industrial player?

**Sanjay Koul:** So that is absolutely a great question. And globally, obviously, Timken Company $1.4 billion worth of revenue, out of the $4.5 billion is coming out of the companies like Rollon Drive, GGB, Beka, Diamond, Cone, Spinea, etcetera. So all these are basically, if you see, these are the companies which Timken Company has taken over and they have taken them over with a certain strategic intent. If you see, in a power train, industrial motion, engineering bearing, they are adjacent products. They are all close to each other.

If you see a powertrain in any industry, you will see bearings, motors, split bearings, gear boxes, couplings, brakes, chain, belt, mounting bearing, lubrication system, clutch. So all this is part of the drivetrain. And if you go to any company, this is how, the drivetrain will look like. Generally, we are giving them the bearing, somebody was giving the coupling, somebody was giving the clutch. And Timken has taken over these companies, which I just mentioned. Lovejoy, for example, is a coupling company, Diamond is a chain company, Rollon is a linear motion company, etcetera.

So now, you look at it holistically, all these companies, which Timken Company, parents have taken over, they are generally either based out of America or they are based out of Europe. Now North America, Europe are not today among the best cost countries in the world. All these bearings need the same kind of engineering extra, which is they need steel, they need forging, they need machining, they need heat treat, they need related kind of things.

So, I think we still do not have any firm plan to start sourcing, but it is a matter of time that these dots have to get connected. And they are important because Indian market itself, lubrication market, chain market, coupling market, they are very nice markets and for sure they need technology product. And Timken has the technology now through Rollon, through BEKA, through GGB, through Philadelphia Gear, etcetera. We got those technologies available. So it is a matter of time, these dots get connected and we can serve the customer complete package solutions. So that is what it will eventually lead to. But if you say, am I going tomorrow? No, tomorrow is not happening.

Though we are doing some sales currently by importing. For example, Pune Metro has our lubrication system, which we imported and assembled here in India and we installed that, it is running great. So, but this is natural, India is best cost country, China Plus One, all that put together and these companies are in North America and Europe, they are not best cost country.

**Chanchal:** Today, less than 5% of the sales will be coming from this industrial motion in India...

**Sanjay Koul:** For us in India, it is minuscule, yes, minuscule.

**Chanchal:** Understood. Sir, globally, because of your acquisition, your debt is almost $1.7 billion. So, I can assume that, the money raised through Timken was to reduce this debt and globally, you want to diversify further and that will benefit India over longer term.

**Sanjay Koul:** Obviously, if I was a global CEO, I would be...

**Chanchal:** That is not one plus one, the debt level is so high globally. So that could have been reason for your diversification plan globally which you are trying to play it out?

**Sanjay Koul:** You know, you are answering, you are raising your question and answering yourself. So I can't say anything. Only I can say that, these are for strategic reasons and I am not privy to how they want to solve that debt but 100%, this is for strategic reasons. We are focused on TIL. TIL remains on a growth path.

**Chanchal:** Sure Sanjay, thanks. Wish you all the best.

**Moderator:** Thank you. Our next question comes from the line of Sabyasachi Mukerji with Bajaj FinServ. Please go ahead.

**Sabyasachi Mukerji:** Okay, yes.

**Sanjay Koul:** Okay. This should be the last question as it is 4.15. Yes, Sabyasachi. Hello Sabyasachi.

**Sabyasachi Mukerji:** Hi, sir. Thank you for the opportunity. So, my question is on the railways, what is the kind of market opportunity that we are seeing? Any thumb rule for the bearing requirement for freight wagons and something like passenger coaches that goes into Vande Bharat?

**Sanjay Koul:** So, freight wagons are all on the tapered roller bearings. So, currently they are using what we call as a Class E and we just migrated the railways to a high capacity Class E for the dedicated freight corridor bearings. They use a higher extra load, which is known as Class K. Globally, Class G is used. So, all this, we will follow as we did on the Vande Bharat. Obviously, when the first 12 rake of freight LHB came to India, they were on Timken bearings, Timken CTRBs and Vande Bharat will keep on using the tapered roller bearings. So this opportunity is going to get better and bigger as the time comes.

**Sabyasachi Mukerji:** Any value terms, the opportunity size?

**Sanjay Koul:** These are growing at a decent CAGR of 7%, 8%, 9%, so Indian railways is budget allocation, it is through finance ministry, so a lot of things are there. So, it is following a pattern and will get better with every year.

**Sabyasachi Mukerji:** Okay and the CRB and SRB, that you are planning to manufacture, what is the end application and what is the market size, in India, at currently?

**Sanjay Koul:** For SRBs and CRBs are used for, we supply tapers to the metal market, though we supply SRB, CRB but in little quantities, so it goes to almost all stationary equipment used. It is great in sugar industry, it is used in paper industry, it is used in cement industry a lot, it is used in material handling, so it is used in railways also. We did not supply that so far, it is used in, on some of the motor MU220 is the part number things like that. So, it has a wide application, generally SRBs are used for self-aligning, so there are a lot of such equipment and the market is a INR1,000 crores market so and it is a stage, India per capita consumption of steel is still very less compared to other countries.

So more and more steel will get produced in India, consumed in India, more and more cement gets produced and consumed in India, so obviously all this will mean that, this market will keep on growing. India still is an immature market, if you see 65% is mobile, which means two-wheeler, three-wheeler, four-wheeler, washing machine, refrigerator but if you see a mature market, generally the stationary equipment will be at least 50%. So this market is bound to grow.

**Sabyasachi Mukerji:** Got it, sir. Last question if I can speak. Sir, out of this INR2,800 odd crores of revenue in FY '23, what would be the portion that, we have manufactured and what would be traded?

**Sanjay Koul:** 70% is locally manufactured.

**Sabyasachi Mukerji:** Sorry, I missed your number.

**Sanjay Koul:** Yes, it is generally, 65% to 70% is locally manufactured, 35% odd is traded into India and we are exporting also roughly, the same, so that is the ratio currently.

**Sabyasachi Mukerji:** 65% to 70% is locally manufactured, that is the number, yes?

**Sanjay Koul:** Yes, that is right. And depending on quarter to quarter but that is roughly, the overall number.

**Sabyasachi Mukerji:** Thank you, that's all from my side.

**Sanjay Koul:** Thank you, I think with that, we can say thank you everybody, thanks a lot. I hope I have been able to answer some of your questions and good day and God bless you.

**Moderator:** Thank you. On behalf of Monarch Network Capital that concludes this conference. Thank you for joining us. You may now disconnect your lines.