



“Timken India Limited
Q3 FY '25 Post-Results Conference Call”
February 10, 2025



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Moderator: Ladies and gentlemen, good day, and welcome to the Timken India Limited Q3 FY '25 Post-Results Conference Call hosted by Batlivala & Karani Securities India Private Limited. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Annamalai Jayaraj from Batlivala & Karani Securities India Private Limited. Thank you, and over to you, sir.

Annamalai Jayaraj: Thanks, Lisa. Welcome to Timken India Limited 3Q FY '25 Post-Results Conference Call. From Timken India Limited management, we have with us today, Mr. Sanjay Koul, Chairman and Managing Director; and Mr. Avishrant Keshava, CFO and Whole-Time Director. I'll now hand over the call to the management for the opening remarks to be followed by question-and-answer session. Over to you, sir.

Sanjay Koul: Thank you, Mr. Annamalai. Thank you, everybody, for joining the call. And I will not take too much in my own opening remarks, we'll jump into the question and answers quickly. But just to give a little bit of a pointer, the December quarter of Q3 '24-'25, we had the best-ever December quarter ever in the history of Timken India Limited. So that was equal to INR671 crores, which was 9.7% Y-o-Y growth to that quarter.

And this quarter was our best-ever quarter in terms of the third quarter. And so that was the highlight of it driven by a moderate domestic demand, a little bit of intercompany uptick, which is the export part of it. Subsequent sequential if you take the previous quarter, we were down because of the cyclicality of the nature of the business. PBT margins of 14.6% compared to 14.9% in the prior year period.

A resilient margin performance in the quarter despite a very unfavourable product mix. So that was offset a little bit by cost leverage. Compared to the last quarter, margin was down due to adverse deleveraging cost, maintaining a debt-free balance sheet with strong cash results which obviously are enabling us to continue with strategic investment to drive the future growth.

Short story on the Bharuch greenfield project. The building is complete. Utility areas are complete, DG sets, power backups, 66 kVA line, everything is ready. And even building is currently, as we talk, is work in progress. All the machines are inside the building. And we are waiting for the HVAC to get connected, work is in full swing on that.

As soon as it gets connected, we'll start unboxing, should be any day this week. So, we have all most of the assets are in place, supply chains are in place. So hopefully, that should be now ready for production. So that is the short Q3 '24-'25 performance highlights. And now I would be open for questions and try to answer them.

Moderator: We'll take the first question from the line of Abhishek Jain from AlfAccurate Advisors Private Limited.

- Abhishek Jain:** My first question on the segment-wise contribution in the third quarter, if you can give them.
- Sanjay Koul:** Yes, absolutely. So, the segment-wise do you want in percentage or in figures?
- Abhishek Jain:** Yes, if you can give in figure, that will be great, sir.
- Sanjay Koul:** Okay. Figures, we can certainly give. And our rail, in this Q3 '24-'25, was INR116 crores; mobile others was INR139 crores; distribution was at INR127 crores; process, which is stationary equipment was INR132 crores; export was at INR152-point-something crores; and there was a little bit of export incentives. But in terms of percentage also, total will be INR671.4 crores.
- And in terms of percentage, rail was 17%, of the pie; mobile was 21% of the pie; distribution was 19% of the pie; process stationary cumulative was 20% of the pie; and exports was 23%; and 1% was export incentives. That was the total summation of the breakup.
- Abhishek Jain:** So, sir, in this quarter, in the rail segment, we have seen a quarter-on-quarter improvement, and now the has gone up to the INR160 crores. And in fourth quarter, in last year, it was very high. So, it was around INR274 crores. So how can we see - this growth may see a significant jump and we can see some sort of the growth in the fourth quarter? Or will we see some impact because of the high base?
- Sanjay Koul:** So, all I can say is, this question, I could not hear it very clearly. This is about pertaining to the rail third quarter and subsequent what is the rail situation like, is that right?
- Abhishek Jain:** Yes, sir. Basically, in the third quarter, we have seen a quarter-on-quarter improvement on the rail segment numbers, and even a Y-on-Y, there is a significant jump. But in the fourth quarter, there was a very high base of around INR274 crores. So how do you see the fourth quarter number? And what is the outlook for the FY '26 in railway segment?
- Sanjay Koul:** Okay. Okay. I got it now completely. Thank you very much. So, rail, as you rightly said, it was better than the slightly better than the previous quarter. YTD, you should see the YTD '23-'24 to current year YTD also, it is better. Last year, the last quarter, - last fiscal last quarter - was certainly very good. And as you know better than me that the last quarter, January, February, March, many times is very, very good because people want to complete their orders.
- It is end of their own fiscal. They have to achieve their own targets. The order book for rail is okay now depending on the customers, how much they want to inward. And generally, as you know, in India last quarter would be always in the mode of completion of everything, not only rail, in general. So, order book is okay. We are running rail, all shifts currently, and it is in full steam on production side.
- Now how much customers would like to inward, their own order book is pretty decent, our order book is pretty good. So, depending on all that, how much they would like to inward because it's not only railways, they have to get the wheels, they have to take everything. If all comes together, I think it would be pretty good as well.

- Abhishek Jain:** Okay, sir. And in export numbers in last 3 quarters, we are stagnant around INR150 crore to INR152 crores kind of the revenue on every quarter. So just wanted to understand how the export outlook in the near to medium terms because we are hearing a lot of the challenge on the export market?
- Sanjay Koul:** Yes. If you see our export was 23% of the pie in our -- this last third quarter, which was at INR152 crores. And in the previous quarter, it was 20% of the pie at INR124 crores. So again, a small uptick in the export. As you know that there are -- Europe is struggling. America, there has been change in the leadership there, and they might be looking to get their whole economy act in shape.
- Overall, it is not going to go back for sure that I can tell you. It could be flattish, uppish. Now how uppish it can go, another 2, 3 months, we'll get more clear. But certainly, it is -- there is a slight uptick, which I can see happening. In previous quarter to this quarter, our export grew by quarter-on-quarter, INR24 crores, INR25 crores approx, which tells you that it is not going the other way, it is going the right way.
- Now how much big it can go as the economical policies start getting unleashed there. As you know that there is this Mexico thing happening. If there is tariffs -- harsh tariffs on Mexico, tough tariffs on China, only time will say. Initially, it was 25, and they went into negative. China is only going to be 10-ish.
- But all this and hopefully, nothing on India could be a great chance for India. But everything will be clear in the next couple of months' time, for sure. Market for export is not going down. It is flattish, uppish. Now how uppish, only time will say.
- Moderator:** The next question is from the line of Mukesh Saraf from Aventus Spark.
- Mukesh Saraf:** My question is on the exports business itself. You did allude to a change in leadership, change in government...
- Moderator:** Sorry to interrupt Mr. Saraf. Can you speak a little away from the mic, your voice is echoing.
- Mukesh Saraf:** Okay. So, question on exports. Obviously, we are setting up this new plant, INR600 crore capex, but if you could kind of give us a sense on how the parent is now looking at new investments outside of the US, setting up new plants, such as this because obviously, tariffs is something that you can't really predict, but is there a change in thought process at the parent level with respect to sourcing from low-cost geographies?
- Sanjay Koul:** So, for sure, as you are aware, Mukesh, about the change of leadership at Timken, and we have a very seasoned leader on Board from ABB, where he was handling more than \$10 billion worth of business. And in his time at leadership, I think he has done more than 2 dozen of M&As as well. His knowledge of business in Asia is very good. I had many chances to speak to him. We visited our new plant recently as well, so a lot of what we call the windshield time when we are in the car discussing and all that.

So, for sure, from a seasoned business leader who comes with tons of experience sourcing from best cost country is pretty much on top of his agenda. Now we want to be -- at the same time, I'm talking -- the Timken Company wants to be sure that they are near their customers, they do what their customers want. At the end of the day, they have to be cognizant of the fact that we have to be best in class in terms of cost, quality, delivery. So that plays a big role, especially in the passenger car, heavy truck, mobile.

It is a world where every day cost improvement is the name of the game. He comes with a lot of great experience, a lot of great knowledge. And I think that the strategy to keep on sourcing from best-cost country is only going to become better and better. Having said that, we are not adverse to the fact that how to serve the local market locally as well. And on top of that, this thought of doing a lot of work locally in order to grow locally what -- if it needs investments or if it needs some of the form of integration.

So, it is very much going to have more speed now. That is my two cents that the engine of local for local, and local for local plus global and then integration on the drivetrain, which is what we do, will gather more momentum.

Mukesh Saraf:

Got that. Got that. And secondly, obviously, you mentioned that the new plant in Bharuch is very close to starting operations. If you could give a sense that in the first year or, say, the coming year FY '26, what kind of revenues we could target to achieve from this facility, obviously, given the fact that export is also one of the areas of targeting there -- that we are targeting there?

Sanjay Koul:

Yes. So more or less at a high level, factory is almost ready. I'm planning to make another dash on Wednesday, we have to just see when can we really inaugurate the plant to get the field there. We should be able to start doing some kind of initial PPAPs by the end of the March, hopefully. That is the target.

Now coming to what kind of revenues we will get for next year, that is April to March of '26, I think that export definitely on this area is certainly going to be important and then the Indian market is also part of the deal. We make SRB, CRB first time now we India. Now exactly how much more sales we can do, the intent is that we should at least fill up the plant in the first year to 50% to 60% of the capacity.

That will be a great win if we can utilize 60% of the capacity in the first year. 70% to 75% next year. And by third year, we are fully capacity utilized. That would be the target. Market is very much there. We make great bearings. So, the problem is not with the market, probably would be how fast we can deliver to the market and you have to go to the management of change, as soon as you change the plant and all that takes time, the PPAPs take time and all that.

Though we started assembling a little bit early in the day, so that we can overcome the hump a little bit. But yes, Mukesh, we want to at least utilize 50% to 60% of the capacity of this new plant next year, next fiscal.

Mukesh Saraf:

Great. Great. That's great. And just lastly, sir, what's your outlook on the CV industry, commercial vehicle industry in India this coming year?

- Sanjay Koul:** I think you need to tell me. Your take is better than my take. You please tell us; we will get ready accordingly.
- Mukesh Saraf:** It'd be good to hear your thoughts, sir.
- Sanjay Koul:** So, my thoughts on that, now as you saw the budget, there is announcement of reduction of the spending. Though we did not spend what we should have -- Government of India could not spend what they should have spent. So, if I say that we stay put on the infrastructure side of it, , so the CE market, construction equip market would remain very buoyant. If we get a good monsoon, the tractor market is going to remain buoyant and the tipper market is going to remain buoyant.
- And we also see now there is a lot of activity, though small, in the kind of a defense arena. Now whether our heavy truck is going to be having the traction which we want that to happen, 18 kind of stuff, I don't think it will be better, it's going to be definitely better than the last year, but if it's going to be boom, I cannot see that yet happening. But certainly, I think rest of the things will make it slightly better than the previous year.
- New things are happening on the bus side of it. So, I will not discuss that, but overall, I think between construction equipment, off-highway, tractor and the heavy truck with the tippers taking a lead, et cetera, , we should be okay. But it wouldn't be the commercial vehicle going to 500,000 units on its own this fiscal year -- I mean to say '25-'26.
- Moderator:** The next question is from the line of Viraj from SIMPL.
- Viraj:** Sir, just a couple of questions. First is on the railway part of the business. Can you just give some perspective, how is the demand environment or where are you seeing traction? And also, some color on the competitive landscape in each of the segments?
- Sanjay Koul:** Yes. So, I think the -- overall, I would say that if we -- rail is going to be -- it won't be a hockey stick, but it's going to be better previous -- compared to the previous CY. So, rail will be better. For us, we are metro, passenger, and freight. We have started supplying to the local market, which we are not supplying on the electrical. So that is going to be small, but for us, that is a pretty good outlook.
- The wind is doing very well in Indian side of it, that is the Indian wind market, local not gearboxes which are the ZF, Flender, Siemens, Nanjing high are producing and exporting, and that is also kind of okay. And the Indian market where you have the Adanis of the world installing now, that is catching pretty good traction. So, 3-megawatt, 5-megawatt, those wind mills, especially in the area of Kutch, et cetera, in Gujarat, that is having a very beautiful traction for sure.
- And the market of the gearboxes is also -- though it is changing its profile, they are going to bigger and bigger megawatt, that is also okay. So, this is on the up side. Food and beverage is a small thing for us, very small emerging that is going to be pretty good. Marine is a small segment for many of us. It is going to be good. It is going to be a focus area. What is not going to be great as we sit today, and talk is the heavy truck.

I don't think it -- where I can start saying that, hey, we need to start investing to get more capacity or something like that. So that is not happening yet. Construction and cement would be okay. Depending on monsoon, tractor would be okay. But overall, I think with the GDP growing at 6% and we have demonstrated a company that we have always grown more than the GDP, so that should be okay.

My personal feel is that the '25-'26 exports would be better than '24-'25. Now how much better, another 2, 3 months, next call, we can give you more meat on that, but it is going to be better. How much better? I think by the next quarter, it will be very clear.

Viraj:

Okay. Second question is the capex which we announced, and we are looking to commercialize and scale up from '26, if you were to compare the portfolio of the parent and for us in industrial entity in India, what further gaps or what further opportunities there could be in terms of localization either from imports substitution or also from export.

Sanjay Koul:

Yes. So, I think that in India, the parent has many companies which have a lot of market in India. And those companies definitely have the supply chain potential out of India. To name, lubrication is one area. Coupling is another area. Coupling is again same like steel, forging, turning, heat treat, finishing, etcetera. So it is very similar to varying income, you know, if I generalize it.

So, the parent has the technology on the chains, on the couplings, on the lubrication system, I'm keeping belt out of my description. But in general, these industrial applications have great market in India and greater supply chain potential out of India. So, it is obviously always on the discussion. I can say that every day, every other day, we think about it. There are discussions globally on it. So that area is very much available there. So that is one part of it, which is not what we call industrial motion.

Now coming to the bearings, we make tapered roller bearings up to 24-inch in India. So, there is very much a possibility that the market is there, especially the wind market, which goes up to 36-inch up to 48 inch. That means larger bearings can be made in India very easily. And now you have the market and the critical mass. So that is on the bearings side.

On SRB, CRB, our current investment is up to 400 millimeter on SRB, 300 on CRB, but the market has potential to buy localized bearing up to 1 meter. So, it will be easy up to 1.2 on spherical, especially in the cement market. And also, some market on energy, the pulveriser also take larger bearing. So that we still import and sell in India. So, they have a greater chance to be localized and also become part of a global supply chain to ship out of India.

So those are the areas where we've been looking at the market, seeing how it is behaving. And now we see that the electrical -- the wind -- I'm sorry, the wind is getting bigger and bigger for those guys who are exporting the gearboxes. So those are the areas. Apart from that there is another company which Timken has taken called GGB. This is a very specialized bearing company, which does plain bearings. GGB already is in India.

So, they are not producing anything in India, but they are selling, not a whole lot of sales, but I think INR30 crores, INR40 crores, INR50-odd crores they are doing. So, they have the chance

to produce in future. These are not only steel, these are FRP and other materials. And these are used in all kinds of applications in automotive, in construction equipment, in aircraft industry and industrial applications.

So, these are what we simplify call as self-lubricated plain bearings, pretty high-tech stuff. And that is already -- they have a wing in India. So, we are looking at it, how do we take -- but that is a low-hanging fruit. How do we take advantage, customers are same. They are already established in India and how do we do that? So, a lot of brainstorming and discussions happening on that.

So, if I have to say, largely, there are three buckets where integration in future will happen. Now when it will happen? Only time will say, but industrial motion, which is all these couplings, chains and lubrication systems, plain bearings and extension on the size ranges, which we are already producing in India.

Moderator: The next question is from the line of Rishi Vora from Kotak Securities.

Rishi Vora: Just a follow-up on CRB, SRB where you talked about reaching a 50% utilization levels in the first year. So roughly, you're saying -- if I assume a 2x asset, as you're roughly guiding for INR600 crores of top line from year 1. So, can you talk us or help us understand like with which customers we have already engaged? Is there an order book over there, which end consumer segments you will be targeting? And the first year is only going to be domestic or we are also going to export?

Sanjay Koul: So, first of all, let me clarify, INR600 crores is the investment, so not the same. So, we are going to utilize -- try to utilize the capacity to the tune of 50% first year, which would be a great achievement. In the bearing, this generally takes 6 to 7 years to reach 85% of capacity utilization. So that is one. Second is that we are already importing and selling bearings in India of this range. So that is a localization target. But our major focus is actually new customers, both exports and domestic, more exports than domestic.

So that is the endeavour. The whole drawing board is to put up this size range. The major is to export out of India. And obviously, not only export, then what I'm importing into India would get replaced and get tooled up. And then new customers in India, new part numbers in India, similarly, globally, what can be rationalized, not only rationalized, what can be taken as new customers.

For example, we Timken does not supply anything to the palm oil industry in Indonesia and Malaysia. It is a virgin market for us, has been downgraded by our competitors. I'm not saying we'll go after them, but just an example, that is a market. There is a huge crusher market where we don't supply much in India, but we've got the best technology, and that is another area which is pretty much significant in India.

So, our target is going to be first year capacity utilization, whatever we can get for exports, whatever I can convert from exports to localization and any new customers on it. So, coming back to order book, yes, what I'm already selling in India that I can convert to localization. And b, is that we are already starting to work with our end customers, all of them, you name the

customer, we are already there, whether it is cement, whether it is steel aggregates or it is material handling.

So, we are working with them. We are in touch with them. We are telling us -- telling them about our capability on this SRB, CRB. Everybody is excited. And similarly, globally, the salespeople have been announced about the Bharuch plant, and they should get ready and start working on that. As you know, we are on SAP and many things needs to be done so that the demand flows towards this plant.

So, all that work is happening, and I hope that we hit 50% capacity utilization by the end of the year. It won't be day 1. So, it will go gradually step by step by step by step. And then 50% to 60%, 70% and then on to 80%, 85%.

Rishi Vora: Understood, sir. And just in the previous, I think if I recall it correctly, the imports of this kind of bearing was around INR50 crores to INR100 crores, right? Is that number correct or...

Sanjay Koul: No, no, not more than that. We were doing that much.

Rishi Vora: Sorry, you'll be doing that much?

Sanjay Koul: Yes, yes. Market is big.

Moderator: The next question is from the line of Sabyasachi Mukerji from Bajaj Finserv AMC.

Sabyasachi Mukerji: Am I audible?

Sanjay Koul: Yes, very much, Sabyasachi, I'm thinking of dresses, not bearings. Go ahead, please.

Sabyasachi Mukerji: Sir, a couple of questions. First, a clarification on the capacity utilization level that you are trying to achieve 50%, 60%. Is it the exit rate for FY '26? Or is it the average utilization level for the entire year?

Sanjay Koul: No. As we start doing the PPAPs by the end of -- there are different lines. So, it will be step-by-step. So, it won't be average. So, I would be very happy if it is average. So, it will be step-by-step, averaging it will be less than 50%, 60% if you take the whole year...

Sabyasachi Mukerji: So basically, by -- let's say, by Q4 of FY '26, next financial year, you are trying to achieve a capacity utilization of 50%, 60%. Is that understanding, correct?

Sanjay Koul: Absolutely correct. Yes.

Sabyasachi Mukerji: Okay. And secondly, on the railway side of things, this budget, we have seen that the allocation to railway budget has been flattish year-on-year. Any concerns you foresee in this segment as far as demand is concerned?

Sanjay Koul: I have been telling this for many, many years and many, many quarters that rail will be always better than the previous year, but it would be step by step, step by step. So, I think even if it is flattish, it is not a bad news at all, especially for the wagon passenger car side of it. So, it is not

bad news. It is always going to be step by step, step by step because you need to have more tracks getting running, you need to phase out the old rolling stock.

There is already high density, if you see from Delhi to Kanpur, every 2 minutes one train passes. And then you have the fast train going on it and then you have goods train going on it. So, the average speed will be what is the speed of the goods train. So, all that put together, I don't think it is a cause of concern. I think the order book is pretty okay in the wagon industry. It is pretty okay-ish in the rail-passenger segment.

Metro is a small piece of it. It is -- that one is pretty good. And connected to metro is also a tunnel boring machine that is another good bearing consuming area, not a huge room still, but still nice. So, to Sabyasachi, to your direct question, not a cause of concern. We'll be very happy if they double it. But still, I prefer it this way rather than going up and down and up and down, which is not great for the industry.

Slow and steady rail is better for the industry, and it is going that way.

Sabyasachi Mukerji:

Got it. That's very clear...

Sanjay Koul:

Because Sabyasachi on -- if you see, there is not -- even if they give more money to the budget, there is no wheel capacity in India. Now you know that people are putting the wheel plants, extra at site, that all will take time. So, it would be like allocated unshipped. You give money, but it does not get consumed, there's no fun. So, the INR1 lakh crores which is been cut, in that cut this also a bit. But I think it is good. We need to consume this what has been allocated.

And people are putting -- one of the bottlenecks is certainly from the back-end side of it is the wheel, which is getting. There is no fun in exporting from China other places. So that is getting corrected. People are putting up wheel plants. I think three companies are already on to the job. So that is good news on the forged wheel side of it. And then on the track side of it, so that is also moving slowly.

So yes, not a cause of concern as long as they keep on maintaining and moving up, maintaining and moving up.

Sabyasachi Mukerji:

Understood. That's very clear, sir. Lastly, on exports environment, given the trade wars and tariffs at play, what has been your experience since the last 1 or 2 months in your interaction with different clients as well as your parent? How should one think of the exports piece of our business going ahead?

Sanjay Koul:

So, this is obviously seasoned companies like Timken do not take a knee-jerk action on anything. So, our parents are watching the situation pretty well, and they are looking at it. And you can see the first reaction, 25%, then negotiation, all that. So that is -- we'll get a better feel in another 2, 3 months' time, which way it is going the tariff war. But as you can see that Mr. Modi is in now -- en route to US or must be already in the US and the balancing act is already being done.

I think India has given signals like bringing down the duty on the Harleys and they are sending positive signals because of the fact that if eventually there is going to be, say, 10-ish percent on

Mexico, 10 extra percent on China, which in -- for the automotive world means a lot. So, it is good news for companies in India. And we need to leverage that as a country. I think we have to wait another 2 months.

No knee-jerk reaction from our parent as well. And we are also watching carefully. Let us see what happens after Mr. Modi comes back, what does he deliver or not deliver on this very, very crucial visit. I think overall, my gut feel is as I am also involved with American Chamber of Commerce, it is going to be positive for India. So, I think that would be good news.

And then this aero show is on here in Bangalore, and this defense industry is going to be significantly big industry in 10 years' time. I think we can all see that the seeds are getting sown. Things have started happening, though small, small, but they are all coming together slowly.

Sabyasachi Mukerji: Understood. Sir, lastly, if you can also share the segment-wise 9-month numbers, absolute value numbers for the 9 months?

Sanjay Koul: So, you want current year YTD?

Sabyasachi Mukerji: Yes. Yes, sir.

Sanjay Koul: So current year YTD let me ask the CFO to get me percentage of the numbers. So, my CFO is taking the preview of the percentage. So here is the percentage. Rail is 21% of that. Mobile is 19%. Distribution is 19%. Process stationery gives 20%. And then intercompany is 20%. And 1% is being totalling something. And YTD current year, we have done total INR2,208 crores.

Moderator: The next question is from the line of Harish Bihani from Kotak AMC.

Harish Bihani: Yes, sir. Sir, can you please help share what sales number will the new capacity do at full capacity?

Sanjay Koul: So, it is a beautiful question, Bihani sir, but it is very tough to answer because of the fact that I have no idea what is the product mix going to be. Bearing, which is 100 millimetre versus the bearing, which is 400 millimetre. So there is this big mix question. So give us another 3 months, then we can predict this better.

Today, it would be shooting in the dark. We got different ranges. There are different price points in the market, and we've got two different kind of bearings. So we will have to wait a little bit for us to understand and digest the demand, and then we can be better qualified to answer this question.

Harish Bihani: But the range should be somewhere between INR900 crores to INR1,200 crores. That should be fine, or too early to say?

Sanjay Koul: So you know, at this stage, if you take the capex and multiply it by 1.5 or 2 might not be the right way to look at it. I have to capitalize each line, PPAP; each line, MOC; each line, customer inspection; each line, all this takes time and every customer will go through the move. These are big customers, international customers.

So they want to check every piece of it despite the fact that Timken is 125-year-old company. So you can do this mathematics only 3 years down the line, but not immediately.

Harish Bihani: Understood. And a follow-up on that is that the overall capitalization will happen through the year. So this 50% average utilization that you spoke about will not be at the full capacity.

Sanjay Koul: Not, the average. 50% utilization, hopefully, by the last quarter, 50% to 60%, not average, as I said earlier as well.

Harish Bihani: Okay. So by full year, the entire capitalization should happen. And then hopefully, by then, at least 50% on average, we should be able to reach by the end of the year?

Sanjay Koul: Correct. That is right.

Moderator: The next question is from the line of Shishir Saha from Saha Securities.

Shishir Saha: Sir, my question is, while taking up the expansion work in the new bearing plant, I mean to say, you had indicated the capex to incur. Normally, the top line will be around 3x of the capex, that is INR1,800 crores. So -- sir -- now you have told that you will be achieving almost 60% of the capacity next year. So can we safely assume that 60% of INR1,800 crores will be achieved next year?

Sanjay Koul: I will try to explain one more time. And we want to be at a capacity utilization of 50%, 60% by the end of the next fiscal year. So it will go through step-by-step process to reach that capacity utilization by the end of the next fiscal year.

Shishir Saha: So can I assume sir, that next year -- by the end of the next year, we'll be around 60% of INR1,800 crores?

Sanjay Koul: I'm not saying anything. I'm saying that our capacity utilization will start happening from April of '25. And by the March of '26, our capacity utilization should be around 50%, 60%. 60% would be great, 50% would be wonderful. So between 50% to 60%. So how much time it will take to bring the average? Obviously, would be less than 50%. Now how less, depending on how fast we can have the PPAPs, audits, MOCs done and then that can translate.

Whether we can make smaller bearings where the value is less, whether we are able to first launch the larger bearing where the value is more. So you'll have to give us another 3 months to understand this a little bit better as we unleash this product line out of the Bharuch plant to the Indian market and export as well.

Shishir Saha: Okay. So we can assume that another 2 years down the line, we'll be achieving this at least?

Sanjay Koul: So our endeavour is generally a bearing company will take 5, 6, 7 years to reach capacity utilization time. Now that we are an established player, we have a supply chain, which is already available. We know the customers. I would say that 50%, 60% by the end of next year, 70-ish percent 1 year down the line after that and 85% by the end of 3 years would be a great achievement for us, and we are known to hit the targets.

- Shishir Saha:** Actually, I am an investor. I have invested in your company since last 20 years. I have heavily invested in Timken from personal capacity...
- Sanjay Koul:** I must tell you Saha Da that you invested very well. If you are an investor for last 20 years, so then you have made good money out of Timken India Limited.
- Shishir Saha:** Yes, I have made good money, sir.
- Sanjay Koul:** This company is a debt-free company. It is highly technology driven. It is working more and more, and you'll see a lot of good things happening in the next 2, 3 years. So stay connected, please.
- Shishir Saha:** I was in Tata Steel, I got share at INR15.
- Sanjay Koul:** You were working with Tata Steel.
- Shishir Saha:** I was working with Tata Steel when I got Timken share, that was at INR10 face value.
- Sanjay Koul:** INR10, opened at INR150.
- Shishir Saha:** I have made it almost 1,500 shares now.
- Sanjay Koul:** Do we have any last questions?
- Moderator:** Sure, sir. We take the last question that is from the line of Shaukat Ali from Monarch PMS.
- Shaukat Ali:** Just one question left to be answered. So I wanted some color from the process segment, how different industries have fared during the quarter? If you can give some color about different industry segments faring during the quarter, sir?
- Sanjay Koul:** I would say that the process industry for us, if you see, is comprising of all the stationary equipment in the project side. If I talk about processes steelmaking, cement making, they buy bearings in MRO, that is distribution for us. When I talk process, this is going into the OE fit that means somebody is making steel mill, somebody is making -- putting up a new cement plant, somebody is making stacker reclaimer and somebody is doing some machine -- pre-welding machine and things like that. And obviously, wheel gearboxes as well there.
- So if you see Shaukat, quarter-over-quarter, we were INR130 crores previous quarter and currently quarter INR132 crores. So that tells you the story that we have not lost penetration. So the traction is okay, but it is not -- nobody is making a lot of steel. There is nobody -- there is some expansion happening here and there, but all these mills, if they are coming from generally (inaudible) from abroad.
- So obviously, somebody else is getting the sales somewhere else in Europe, et cetera. But this is going to be better in coming quarters for sure as we see that there is a lot of traction out of East Africa, West Africa for getting more steel mills out of Indian smaller companies. So that is happening.

Some of the other expansions, which were done 2, 3 years back, they are getting further as you must be connected to the steel industry. So that is happening. So it was nothing which was very wonderful great, and we are very buoyant about it, but it was not bad. We are not comparing. And this is going to be better in this next fiscal for sure.

Shaukat Ali:

And how the wind segment is faring, of late sir? What is your view in the near-term outlook about the wind sector?

Sanjay Koul:

Wind is sometimes a gust of wind came and sometimes it went away. That is exactly this way saying that -- for example, China was down last year on wind. And then all of a sudden, January, they had a nice wind traction on it. Now in India, I see a wonderful emerging trend that is the Indian companies putting up wind farms, which are 3 megawatt and 5 -- India had some own wind, they were sub-megawatt thing. So now the Adani's of the world and Suzlon's of the world and similar companies are putting wind mills in India.

So that is going to be pretty good. And then we see Nanjing High is making gearboxes or assembling gearboxes in India. They are moving up -- they are making bigger and bigger gearboxes. So wind is a dicey. It is a dicey market. It goes up, it comes down, it goes up. But I think for us, at Timken in India, wind market would be stable or better.

Thank you very much. Thanks a lot, everybody. Thank you, everybody. And if you have any good news about commercial vehicle, please give me a call. We want to learn more about what is happening in the CV world as you get connected to everybody. It will be good to get -- Mukesh bhai, if you get anything special insight, give me a call.

We want to know what are the trends happening in commercial vehicles, which we are not aware. So thank you. Good day. Bye-bye.

Moderator:

Thank you. Ladies and gentlemen, on behalf of Batlivala & Karani Securities India Private Limited, that concludes this conference call. We thank you for joining us, and you may now disconnect your lines. Thank you.