

2<sup>nd</sup> June 2025

Close\* – ₹3,124

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## Q4FY25 Result Highlights

- Revenue grew 4.7% YoY to ₹9.3bn, driven by strong performance across segments and improved domestic momentum. EBITDA and APAT increased by 5.6% to Rs 2.0bn and 32% YoY to ₹1.8bn, respectively. Q4 performance was supported by sustained growth in the rail segment, along with solid contributions from the mobile, process, and export segments. Segment-wise revenue contribution stood at: Railways ~31%, Mobile ~17%, Distribution ~18%, Process ~18%, and Exports ~15%.
- Margins were boosted by a one-time provision reversal: In Q4FY25, gross margin declined to 40.4% (down 34 bps) due to slightly higher input costs. EBITDA margin improved to 22.3% (up 19 bps), while PAT margin rose significantly to 19.9% (up 413 bps), driven by a one-time reversal of provisions worth ₹370 million related to prior-period transactions. This resulted in a lower effective tax rate of 7.3% for the quarter.

## Important Statistics

<b>Nifty</b>	24,750
<b>Sensex</b>	81,451
<b>Close*</b>	3,124
<b>MCAP (₹ bn)</b>	~235
<b>52 Week H/L (₹)</b>	4,818/2,202
<b>NSE Code</b>	TIMKEN
<b>BSE Code</b>	522113
<b>Bloomberg Code</b>	TMKN:IN

Close\* as on 30<sup>th</sup> May 2025

Shareholding Pattern	Mar'25 (%)
<b>Promoters</b>	51.05
<b>DIIs</b>	26.81
<b>FIIIs</b>	10.68
<b>Public &amp; Others</b>	11.47

## Con-Call KTAs

## Financials

### FY25 Performance and Business Update

(₹ mn)

**Net sales rose 4.7% YoY to ₹9.39bn, driven by strong domestic demand and higher volumes across key segments.**

- **Segment Performance (FY25):**
  - *Railways:* Revenue reached ₹7.7bn (~25% of total), up ~17% YoY.
  - *Mobile:* Revenue stood at ₹5.84bn (~19% share), up 1% YoY.
  - *Distribution:* Grew 11% YoY to ₹5.87bn (~19% share).
  - *Process:* Revenue rose 8% YoY to ₹6.06bn (~19% share).
  - *Exports:* Slight growth of 3% YoY to ₹5.85bn (~15% share).
- **Exports Outlook:** Demand remains subdued in major markets like Europe, the US, and ASEAN, though early signs of recovery are visible in South Africa, South America, Australia, and China (from April). Management remains cautious due to ongoing geopolitical tensions and tariff uncertainties. While niche areas such as small bearings are showing resilience, overall export growth is expected to remain subdued in FY26.
- **Railway Segment Outlook:** The company expects steady growth in rail, driven by rising adoption of Vande Bharat trains, rolling stock upgrades, and increased metro and freight orders. Expansion is supported by new European machinery.
- **Manufacturing Update:** The Bharuch plant began commercial operations, with full commissioning of the CRB line and partial ramp-up of the SRB line. Targeted capacity utilization is 45% by FY26-end, with a 50:50 domestic-export mix. Domestic demand will be prioritized given global uncertainties. The plant caters to sectors like material handling, railways, sugar, and paper.
- **New Initiatives:**
  - Investing in plain bearings using composite (FRP) material; the Indian market is valued at ~\$100 million with applications in EVs, wind energy, and industrials.
  - Pilot rollout of Cone Drive products for solar tracking systems, with 300–400 units supplied to Tata Solar. The company is optimistic about long-term growth in this segment and is refining the product model to scale.

Particulars	2023	2024	2025	2026E	2027E
Revenue	28,066	29,095	31,478	36,511	43,004
EBITDA	5,604	5,724	5,916	7,208	8,896
EBITDA Margin	20.0%	19.7%	18.8%	19.7%	20.7%
PAT	3,907	3,921	4,474	5,082	6,358
EPS	51.9	52.1	59.5	67.8	84.8
ROE	19.2	16.2	0.0	16.5	17.7
EV/EBITDA	36.3	36.7	35.4	31.8	25.7
P/E	60.4	60.2	52.7	46.2	37.0

Source: Company, Way2wealth

## Relative Performance

Return (%)	1 Yr	3Yr	5 Yr
<b>Timken</b>	<b>(20.0)</b>	<b>45.3</b>	<b>268.2</b>
<b>Nifty 50</b>	9.3	49.0	159.2
<b>Sensex</b>	9.5	45.9	151.7

Source: Company, Way2wealth

**Dhananjay Kansara**

dhananjay.k@way2wealth.com

Ph: 022 – 4019 2911

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- **Capacity Optimization:** Management indicated that existing facilities can increase output by 15% through de-bottlenecking, delaying the need for further capex.
- **Industry Outlook:** The commercial vehicle (CV) sector is expected to grow 4–5% in FY26, with strong momentum continuing in the tipper segment.

### View

The business fundamentals remain strong, driven by: (1) solid market share in rail, (2) growth in wind, cement, steel, and renewables, and (3) stable export share of ~25-30% long-term. The commissioning of Bharuch plant's is expected to boost revenue, margins, and create new opportunities in both domestic and export markets for CRB & SRB. Targeted capacity utilization is 45% by FY26-end, with a 50:50 domestic-export mix. Since it also has a sharp focus on exports owing to its strong parentage and expects it to contribute 25-30% to the top line. Import substitution and focus on localisation shall open the doors to newer industries. Earnings growth shall continue to remain robust on the back of higher industrialisation and a strong domestic demand.

**Hence, we continue to view it as *ACCUMULATE* stock trading at P/E 37.0x below its 5-year average P/E 63.0x**

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**FINANCIAL PERFORMANCE**

(₹ mn)

Particulars	Q4FY25	Q3FY25	QoQ (%)	Q4FY24	YoY (%)	FY25	FY24	YoY (%)
<b>Revenue</b>	<b>9,398</b>	<b>6,714</b>	<b>40.0</b>	<b>8,978</b>	<b>4.7</b>	<b>31,478</b>	<b>29,095</b>	<b>8.2</b>
Cost of Matl	2,718	2,158	26.0	2,509	8.4	9,572	9,052	5.7
Stock Purchases	2,357	2,122	11.1	2,387	(1.2)	9,013	8,972	0.5
Inventories Changes	528	(198)	(366.3)	427	(23.6)	419	(857)	(148.9)
Employee Exps	430	431	(0.1)	424	1.5	1,700	1,640	3.7
Other Exps	1,267	1,137	11.4	1,244	1.8	4,858	4,566	6.4
<b>EBITDA</b>	<b>2,097</b>	<b>1,065</b>	<b>96.9</b>	<b>1,987</b>	<b>5.6</b>	<b>5,916</b>	<b>5,724</b>	<b>3.4</b>
<b>EBITDA Margin (%)</b>	<b>22.3</b>	<b>15.9</b>	<b>645</b>	<b>22.1</b>	<b>19</b>	<b>18.8</b>	<b>19.7</b>	<b>(88)</b>
Other Income	139	134	3.6	108	28.9	502	408	23.1
Depreciation	209	211	(1.1)	218	(4.2)	848	852	(0.5)
Finance Cost	12	11	12.1	11	7.9	43	38	13.2
PBT	2,015	977	106.2	1,866	8.0	5,527	5,242	5.4
Tax Exps	147	234	(37.2)	451	(67.4)	1,053	1,321	(20.2)
<b>Net Profit</b>	<b>1,868</b>	<b>743</b>	<b>151.4</b>	<b>1,414</b>	<b>32.1</b>	<b>4,474</b>	<b>3,921</b>	<b>14.1</b>
EPS (‘)	24.8	9.9	151.4	18.8	32.1	59.5	52.1	14.1

As % of Sales	Q4FY25	Q3FY25	QoQ (BPS)	Q4FY24	YoY (BPS)	FY25	FY24	YoY (BPS)
Raw Mat Cost	59.6	60.8	(116)	59.3	34	60.4	59.0	137
Gross Profit	40.4	39.2	116	40.7	(34)	39.6	41.0	(137)
Employee Exps	4.6	6.4	(184)	4.7	(14)	5.4	5.6	(23)
Other Exps	13.5	16.9	(346)	13.9	(38)	15.4	15.7	(26)

Source: Company, Way2wealth

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Name of the Security	TIMKEN (INDIA) LTD
Name of the analyst	Dhananjay Kansara
Analysts' ownership of any stock related to the information contained	
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
Way2Wealth ownership of any stock related to the information contained	NIL
Broking relationship with company covered	NIL
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