

Q3FY25 Result Highlights

- **Revenue growth of 9.8% YoY to ₹6.7bn lead by Rail, Distribution & Process segments even as subdued exports continues** – Topline grew by ~10% YoY to ₹6.7bn driven by strong performance across segments and better exports. Q3 performance was led by **(1) steady growth in the Rail (+5% YoY) (2) strong growth in Industrial/ Auto distribution segment(+23% YoY) and (3) Export growing by 26% YoY.**
- In Q3FY25, the gross margin decreased to 39.2% (-131bps), primarily due to an unfavorable product mix and increased input costs. With other expenses rising by 6% and employee costs up by 12%, the EBITDA margin fell to 15.9% (-88bps). However, the PAT margin remained stable at 11.9% (+4bps).
- Timken India's Bharuch plant is set to commence operations at the start of Q1FY26, manufacturing SRB (spherical roller bearings) and CRB (cylindrical roller bearings). The facility will focus on localizing previously imported bearings, expanding export opportunities, and targeting new customers. In FY26, Timken plans to operate the plant at 50–60% capacity, with utilization expected to increase to 70–75% in the second year and reach ~80-85% capacity by the third year.
- Rail segment revenue stood at ~₹1.16bn (~17% revenue share), growing by ~5% YoY but down by 33% QoQ. Mobile segment revenue stood at ~₹1.39bn (~21% revenue share), up 5% YoY. Distribution business grew 23% to ~₹1.27bn (~19% revenue share). Process segment revenue stood at ~₹1.32bn (~20% revenue share) and up 4% YoY while export grew by 26% YoY to ~₹1.52bn.
- The rail segment's order book remains stable, with production operating at full capacity. Q4 is expected to be robust, driven by seasonal order finalizations, though growth will hinge on customer investments in complementary components. Timken is expanding its presence in metro, passenger, and freight rail, including in previously untapped electrical components, positioning the segment for ongoing strong performance.
- The rail segment is expected to continue growing at a steady pace year-on-year. The wind market remains strong, and the commercial vehicle market stays buoyant, with tractors and tippers expected to perform well. Exports are anticipated to remain stable or see modest growth in the near term. The impact of tariffs on Mexico and China is still uncertain, with more clarity expected in the next 2–3 months.

Important Statistics

Nifty	22,082
Sensex	72,989
LTP*	2,516
MCAP (₹ bn)	~193
52 Week H/L (₹)	4818/2398
NSE Code	TIMKEN
BSE Code	522113
Bloomberg Code	TMKN:IN

LTP as on 04th March 2025*

Shareholding Pattern	Dec'24 (%)
Promoters	51.05
DIIs	24.93
FIIIs	12.97
Public	11.05

Financials
(₹ mn)

Particulars	FY22	FY23	FY24
Revenue	22,032	28,066	29,095
EBITDA	5,106	5,604	5,724
EBITDA Margin (%)	23.2	20.0	19.7
Net Profit	3,271	3,907	3,921
EPS (₹)	43.5	51.9	52.1
DPS (₹)	1.5	1.5	2.5
RoE (%)	19.7	19.2	16.2
RoCE (%)	19.4	22.2	19.4
P/E (x)	49.2	53.0	54.8
EV/EBITDA (x)	31.3	36.3	36.7
P/BV (x)	9.7	10.1	8.9

Return (%)	1 Yr	3Yr	5 Yr
Timken	18.0	142.3	465.8
Nifty 50	24.2	45.7	118.9
Sensex	20.7	42.1	111.6

Source: Company, Way2wealth
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 Bharuch plant's localization is expected to boost revenue, margins, and create new opportunities in both domestic and export markets for CRB & SRB. Contribution from exports has increased to 25%. 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 29.7x FY27E EPS ₹86.6.**

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05th March 2025

LTP* – ₹2,516

 View – **ACCUMULATE**
FINANCIAL PERFORMANCE

(₹ mn)

Particulars	Q3FY25	Q2FY25	QoQ (%)	Q3FY24	YoY (%)	9MFY25	9MFY24	YoY (%)
Revenue	6,714	7,529	(10.8)	6,122	9.7	22,080	20,118	9.8
Cost of Matl	2,158	2,355	(8.4)	2,079	3.8	6,854	6,543	4.7
Stock Purchases	2,122	2,458	(13.7)	2,287	(7.3)	6,655	6,585	1.1
Inventories Changes	(198)	(243)	(18.4)	(725)	72.7	(108)	(1,284)	(91.6)
Employee Exps	431	422	2.2	384	12.1	1,270	1,216	4.5
Other Exps	1,137	1,204	(5.5)	1,072	6.1	3,602	3,321	8.5
EBITDA	1,065	1,334	(20.1)	1,025	3.9	3,808	3,737	1.9
EBITDA Margin (%)	15.9	17.7	(185)	16.7	(88)	17.2	18.6	(133)
Other Income	134	121.4	10.2	106	26.4	374	300	24.6
Depreciation	211	209	1.0	210	0.6	639	634	0.8
Finance Cost	11	9	13.0	9	25.1	31	27	15.4
PBT	977	1,236	(21.0)	912	7.1	3,512	3,377	4.0
Tax Exps	234	337	(30.5)	237	(1.2)	906	870	4.2
Net Profit	743	899	(17.4)	675	10.0	2,606	2,507	3.9
EPS (₹)	9.9	12.0	(17.4)	9.0	10.0	34.6	33.3	3.9

As % of Sales	Q3FY25	Q2FY25	QoQ (BPS)	Q3FY24	YoY (BPS)	9MFY25	9MFY24	YoY (BPS)
Raw Mat Cost	60.8	60.7	8	59.5	131	60.7	58.9	182
Gross Profit	39.2	39.3	(8)	40.5	(131)	39.3	41.1	(182)
Employee Exps	6.4	5.6	82	6.3	14	5.8	6.0	(29)
Other Exps	16.9	16.0	95	17.5	(57)	16.3	16.5	(20)

Source: Company, Way2wealth

FINANCIALS & VALUATIONS

(₹ mn)

Particulars	FY22	FY23	FY24	FY25E	FY26E	FY27E
Revenue	22032	28066	29095	32117	37391	43760
EBITDA	5106.8	5603.6	5724	5890	7458	9071
EBITDA Margin	23.2%	20.0%	19.7%	18.3%	19.9%	20.7%
Net Income	3271	3908	3921	4074	5097	6379
EPS	36.2	51.9	52.1	54.9	69.8	86.6
Return on Equity %	21.8	21.1	17.6	15.3	16.7	17.7
Return on Assets %	16	16.4	14.1	13.5	15.4	16.1
PE	49.2	53.0	54.8	46.9	36.9	29.7
EV/EBITDA	31.3	36.3	36.7	31.8	25.3	20
P/BV	9.7	10.1	8.9	6.9	5.9	4.9

Source: Company, Way2Wealth

05th March 2025

LTP* – ₹2,516

 View – **ACCUMULATE**
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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	No
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	
Conflict of Interest	No
Receipt of Compensation	No
Way2Wealth ownership of any stock related to the information contained	NIL
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