

07th August 2025

Close* – ₹2,920

View – **ACCUMULATE**

Q1FY26 Result Highlights

Revenue rose 3.2% YoY to ₹8.0bn, driven by lower volumes. EBITDA grew 1% YoY to ₹1.4bn, while APAT increased 8% to ₹1.0bn. Margins were affected by higher employee expenses, and management indicated that a return to ~20% EBITDA margin hinges on volume recovery.

Con-Call KTAs

Q1FY26 Performance and Business Update:

Guidance

- Bharuch plant utilization is expected to reach 45–50% by FY26-end.
- Rail and process industries are likely to see high single-digit growth, while CV segment growth is guided at 0–9%.
- FY26 CapEx is pegged at ₹150crs (excluding regular maintenance), aimed at rail and plain bearing capacity expansion.

Margins

- Q1FY26 PBT margin stood at 16.1% (vs 16.6% YoY), supported by cost control despite weak volumes.
- Gross margin dipped ~50 bps; EBITDA margin came in at ~18% vs 20%+ in earlier periods.
- Management stated a return to 20%+ margins hinges on volume growth and operating leverage.

Material Costs

- Limited commentary; margin pressure attributed to input cost fluctuations, though cost control helped preserve profitability.

Backlog

- No explicit order backlog disclosed. Mention of pending orders for wagon builders and ongoing PPAPs for new clients.

Orders

- Secured first locomotive order (CRB/SRB bearings) from Indian Railways.
- Currently undergoing PPAP qualification for Bharuch plant customers.
- No detailed disclosure of CRB/SRB order book.

Labor & Costs

- Labor cost concerns flagged, especially in Europe.
- Focus remains on workforce training at the new Bharuch facility.

CAPEX

- ₹120crs being invested for Jamshedpur railway capacity; ₹35crs for Bharuch's plain bearing line.
- One CRB line at Bharuch has been capitalized and began commercial production in late June.

Macro Environment

- Management remains cautiously optimistic amid macro uncertainties and geopolitical risks.

Important Statistics

Nifty	24,574
Sensex	80,544
LTP*	2,920
MCAP (₹ bn)	219.36
52 Week H/L (₹)	4294/2202
NSE Code	TIMKEN
BSE Code	522113
Bloomberg Code	TMKN:IN

Close* as on 06th August 2025

Shareholding Pattern Dec'24 (%)

Promoters	51.05
DIIs	24.93
FIIIs	12.97
Public	11.05

Financials

(₹ mn)

Particulars	2023	2024	2025	2026E	2027E
Revenue	28,066	29,095	31,478	35,512	41,542
EBITDA	5,604	5,724	5,916	6,800	8,328
EBITDA Margin	20.0%	19.7%	18.8%	19.1%	20.0%
PAT	3,907	3,921	4,474	4,777	5,961
PAT Margin	13.9%	13.5%	14.2%	13.5%	14.3%
EPS	51.9	52.1	59.5	63.5	79.3
ROE(%)	19.2	16.2	17.0	15.8	16.6
P/E	56.3	56.1	49.1	46.0	36.9

Relative Performance

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

Source: Company, Way2wealth

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- Domestic GDP outlook supports rail and process sector growth; global risks (esp. US economy).

Pricing

- Favorable demand conditions support pricing power; margins remain stable aided by cost controls.

Product Development

- One CRB line at Bharuch has commenced commercial production and billing.
- Plain bearing production line is under development for next year.
- Railway bearing capacity expansion (CTRBs) is ongoing at Jamshedpur.

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 36.9x below its 5-year average P/E 61.7x.

FINANCIAL PERFORMANCE

(₹ mn)								
Particulars	Q1FY26	Q4FY25	QoQ (%)	Q1FY25	YoY (%)	FY25	FY24	YoY (%)
Revenue	8,088	9,398	(13.9)	7,837	3.2	31,478	29,095	8.2
Cost of Matl	2,617	2,718	(3.7)	2,341	11.8	9,572	9,052	5.7
Stock Purchases	2,242	2,357	(4.9)	2,076	8.0	9,013	8,972	0.5
Inventories Changes	80	528	(84.8)	332	75.9	419	(857)	(148.9)
Employee Exps	432	430	0.4	417	3.6	1,700	1,640	3.7
Other Exps	1,294	1,267	2.2	1,261	2.6	4,858	4,566	6.4
EBITDA	1,423	2,097	(32.1)	1,409	1.0	5,916	5,724	3.4
EBITDA Margin (%)	17.6	22.3	(472)	18.0	(38)	18.8	19.7	(88)
Other Income	100	139	(27.6)	119	(15.7)	502	408	23.1
Depreciation	208	209	(0.3)	219	(5.0)	848	852	(0.5)
Finance Cost	11	12	(4.6)	11	4.0	43	38	13.2
PBT	1,304	2,015	(35.3)	1,298	0.5	5,527	5,242	5.4
Tax Exps	262	147	78.2	335	(21.8)	1,053	1,321	(20.2)
Net Profit	1,042	1,868	(44.2)	963	8.2	4,474	3,921	14.1
EPS (₹)	13.9	24.8	(44.2)	12.8	8.2	59.5	52.1	14.1

As % of Sales	Q1FY26	Q4FY25	QoQ (BPS)	Q1FY25	YoY (BPS)	FY25	FY24	YoY (BPS)
Raw Mat Cost	61.1	59.6	144	60.6	46	60.4	59.0	137
Gross Profit	38.9	40.4	(144)	39.4	(46)	39.6	41.0	(137)
Employee Exps	5.3	4.6	76	5.3	2	5.4	5.6	(23)
Other Exps	16.0	13.5	252	16.1	(10)	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	No
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
Investment Banking relationship with company covered	NIL

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