

**Timken India Limited**

COMPANY SNAPSHOT					
*CMP	Initiation Price	Target	Potential Upside	Recommendation	MCap (Rsbn)
Rs1416	Rs883	Rs1500	6%	HOLD	106.5

\*as on 21st June, 2021

**About the Company:**

Timken India Limited (Timken) was incorporated in 1987 as Tata Timken Limited (TTL), a joint venture between Tata Iron and Steel Company (TISCO) and The Timken Company of USA, a world leader in tapered roller bearings. Both the companies held 40% stake in the Joint Venture, however in 1999, The Timken Company of USA acquired the stake from TISCO and changed the name of the company to Timken India Limited. Timken India Limited (Timken), subsidiary of Timken Company is a market leader in tapered roller bearings and components in India and holds the distinction of being the only indigenous manufacturer of freight application bearings for railways in the listed entity. It provides roller bearings which are used in locomotives, engines, wagons, passenger coaches and wheels. The manufacturing facility of the company is at Jamshedpur with the extended service footprint in Raipur.

**Results Declared:**

- The total revenue for the quarter grew by 17.3% to Rs4,754mn as compared to Rs4,051mn in the same quarter last year.
- The EBITDA margin for the quarter under review stood at 18.3% as compared to 23.1% in the corresponding quarter last year.
- The net profit dropped by 13.6% to Rs529mn as against Rs613mn in the comparative quarter.
- The EPS stands at Rs7.04.
- The Board has recommended subject to approval of the members of the company at ensuing AGM, payment of dividend of Rs1.50 per equity share of Rs10 each fully paid for FY21.

**Financials:**

Result Update (Q4&FY21)								
Q4&FY21 Result (Rs mn)	Mar-21	Mar-20	y-o-y	Dec-20	q-o-q	FY21	FY20	y-o-y
Total Revenue	4754	4051	17.3%	3830	24.1%	14105	16169	(12.8%)
EBITDA	869	934	(7.0%)	671	29.5%	2518	3626	(30.6%)
Other Income	79	77	1.9%	18	-	196	234	(16.2%)
Interest	6	2	-	3	-	14	28	(47.6%)
Depreciation	195	185	5.1%	188	3.8%	749	769	(2.6%)
Exceptional Items	-	-	-	-	-	-	-	-
Tax	217	211	2.8%	127	71.8%	519	603	(13.9%)
Net Profit	529	613	(13.6%)	372	42.4%	1432	2461	(41.8%)

**Outlook and Recommendations:**

Operationally it was a decent quarter for the company, however the year ended on a tepid note. The auto sector was already in doldrums and witnessed first time zero sales as well during the first lockdown. There was unwinding seen but before things could get to normal, second wave hit was even harder. Even the Railways segment was hit badly by the lockdown, stalling all the allocations from the Govt. Both of these segments are major contributors to the revenues of the company. Going forward, the performance of the company would depend on how things get back on track in terms of pick-up in demand, supply, Govt. allocation and execution. In context to the company, the execution capabilities, strong customer base, decent balance sheet all remain intact. We recommend Hold on the stock for a target of Rs1500.

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