




Timken India Ltd.

BUY

Sector: Capital Goods

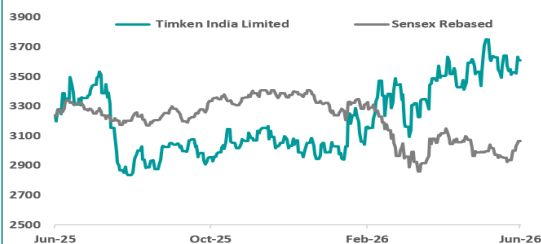
19th June 2026

| Key Changes | | Target  | Rating  | Earnings  | | Target | Rs.4,207 |
|-------------|----------------|--|--|--|------------|---------------|-----------------|
| Stock Type | Bloomberg Code | Sensex | NSE Code | BSE Code | Time Frame | CMP | Rs.3,575 |
| Mid Cap | TMKN:IN | 77,410 | TIMKEN | 522113 | 12 Months | Return | 18% |

Data as of: 18-06-2026 18:00 hrs

| Company Data | | | |
|---------------------------|-------------|---------|--------|
| Market cap. (Rs. cr) | 26,894 | | |
| 52 Week High — Low (Rs.) | 3,775-2,832 | | |
| Enterprise Value (Rs. cr) | 26,761 | | |
| Outstanding Shares (cr) | 7.5 | | |
| Free Float (%) | 47.6 | | |
| Dividend Yield (%) | 1.0 | | |
| 6m average volume (cr) | 0.01 | | |
| Beta | 0.8 | | |
| Face value (Rs) | 10.0 | | |
| Shareholding (%) | Q2FY26 | Q3FY26 | Q4FY26 |
| Promoters | 51.1 | 51.1 | 51.1 |
| FII's | 7.4 | 6.9 | 7.0 |
| MFs/Institutions | 29.7 | 30.2 | 30.6 |
| Public | 11.8 | 11.8 | 11.3 |
| Total | 100 | 100 | 100 |
| Promoter Pledge | Nil | Nil | Nil |
| Price Performance | 3 Month | 6 Month | 1 Year |
| Absolute Return | 6.8% | 19.6% | 11.5% |
| Absolute Sensex | 0.6% | -8.7% | -5.3% |
| Relative Return | 6.2% | 28.3% | 16.7% |

*over or under performance to benchmark index



| Standalone (Rs.cr) | FY26A | FY27E | FY28E |
|--------------------|-------|-------|-------|
| Sales | 3,419 | 3,898 | 4,484 |
| Growth (%) | 9% | 14% | 15% |
| EBITDA | 612 | 735 | 908 |
| EBITDA Margin (%) | 18% | 19% | 20% |
| PAT Adjusted | 398 | 505 | 633 |
| Growth (%) | -11% | 27% | 25% |
| Adjusted EPS | 53.0 | 67.1 | 84.1 |
| Growth (%) | -11% | 27% | 25% |
| P/E | 60.9 | 53.3 | 42.5 |
| P/B | 8.2 | 7.8 | 6.6 |
| EV/EBITDA | 39.3 | 35.9 | 28.5 |
| ROE (%) | 13.7 | 15.7 | 16.8 |
| D/E | -0.08 | -0.15 | -0.25 |

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Firm Demand Outlook Across Segments...

Timken India Ltd. (TMKN) manufactures and distributes anti-friction bearings, components, and mechanical power transmission products. It also offers maintenance, re-furbishment, and industrial services across various sectors.

- Timken's Q4FY26 revenue from operations increased 14% YoY to ₹1,073cr, driven by strong traction in core industrial segments, improved execution across projects, and healthy growth in export volumes led by North America.
- EBITDA rose 12% YoY to ₹235cr in Q4FY26; however, margins declined by 40bps due to elevated input costs, particularly steel and consumables, coupled with a lag in price pass-through.
- PBT increased 3% YoY to ₹207cr, impacted by higher depreciation and operating expenses, along with labour-related costs, while other income declined 81% YoY to ₹3cr due to lower treasury income.
- Consequently, PAT for Q4FY26 declined 17% YoY to ₹155cr, with margins contracting by 52bps to 14%, while FY26 PAT declined 11% YoY with margins compressing by 243bps.
- For FY26, revenue grew 9% YoY to ₹3,419cr, with gross margins expanding by 95bps. However, EBITDA growth remained muted at 3%, with margins contracting by 87bps due to higher operating costs and ramp-up impact from new capacities.

Outlook & Valuation

Despite near-term pressure from cost normalization and the commissioning of new capacities, business fundamentals remain healthy, supported by steady demand and improving momentum across domestic and export markets. The Bharuch expansion and upcoming rail capacity addition are expected to support future growth, while higher export penetration provides an added growth catalyst. We expect revenue to grow at a CAGR of 15% over FY26–28E, driven by improving utilization levels and sustained demand from the mobility and industrial segments. With operating leverage benefits, improved cost absorption, and a better product mix, earnings are projected to grow at a CAGR of 26% over the same period. **Based on 50x FY28E EPS, we upgrade the stock to BUY rating with a target price of Rs. 4,207.**

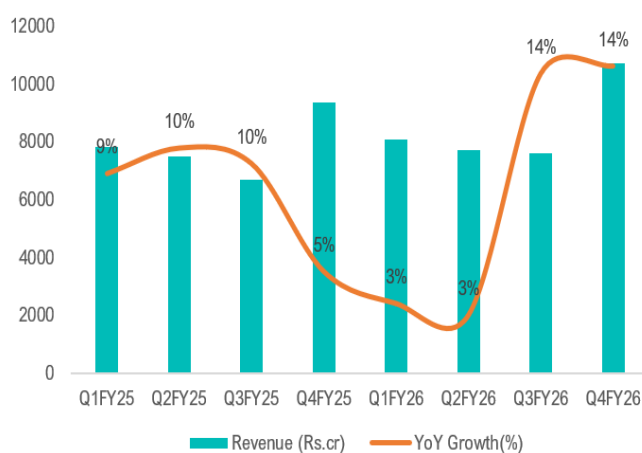
Quarterly Financials Standalone.

| Rs.cr | Q4FY26 | Q4FY25 | YoY (%) | Q3FY26 | QoQ (%) | FY26 | FY25 | YoY (%) |
|------------|--------|--------|---------|--------|---------|-------|-------|---------|
| Sales | 1,073 | 940 | 14% | 764 | 40% | 3,419 | 3,148 | 9% |
| EBITDA | 235 | 210 | 12% | 96 | 145% | 612 | 591 | 4% |
| Margin (%) | 22% | 22% | -40bps | 13% | 938bps | 18% | 19% | -87bps |
| EBIT | 234 | 209 | 12% | 95 | 147% | 608 | 586 | 4% |
| PBT | 207 | 202 | 3% | 72 | 188% | 530 | 553 | -4% |
| Rep. PAT | 155 | 187 | -17% | 50 | 211% | 398 | 447 | -11% |
| Adj PAT | 155 | 187 | -17% | 50 | 211% | 398 | 447 | -11% |
| EPS (Rs) | 20.6 | 24.8 | -17% | 6.6 | 211% | 53.0 | 59.5 | -11% |

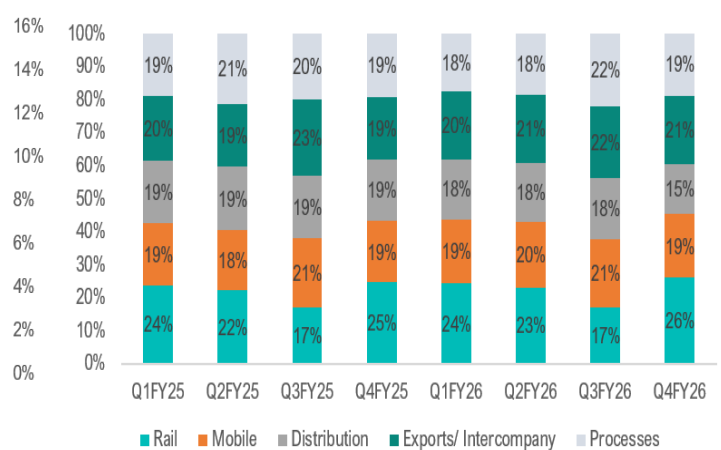
Key Highlights

- The Bharuch plant has capitalized all production lines, and ramp-up is progressing steadily with utilisation expected to exceed 70% by mid-FY27. The facility generated ~₹80cr revenue in FY26, supported by a strong PPAP pipeline and over 100 new part introductions under-way.
- Jamshedpur rail bearing expansion (~₹120cr capex) is on track, with production expected to begin by Nov-Dec 2026 (Q3FY27), targeting both domestic and global rail markets.
- Commercial vehicle segment remains robust with ~22% QoQ growth, while rail demand continues slow and steady amid execution delays and funding cycles and Industrial demand outlook remains stable across segments, with process industries and distribution expected to drive higher medium-term growth.
- Timken approved merger with GGB India to drive operational synergies, enhance efficiency, and reduce costs; plain bearing expansion at Bharuch is progressing.
- Localization remains balanced (~65% domestic manufacturing, 35% imports) with gradual improvement expected, though full import substitution remains constrained by product diversity and scale economics.

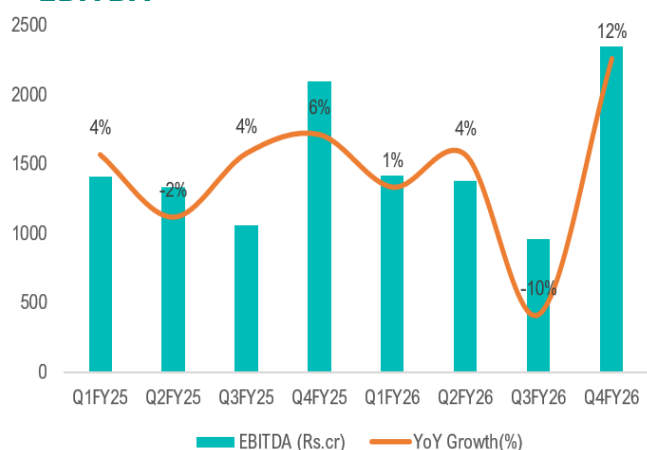
Revenue



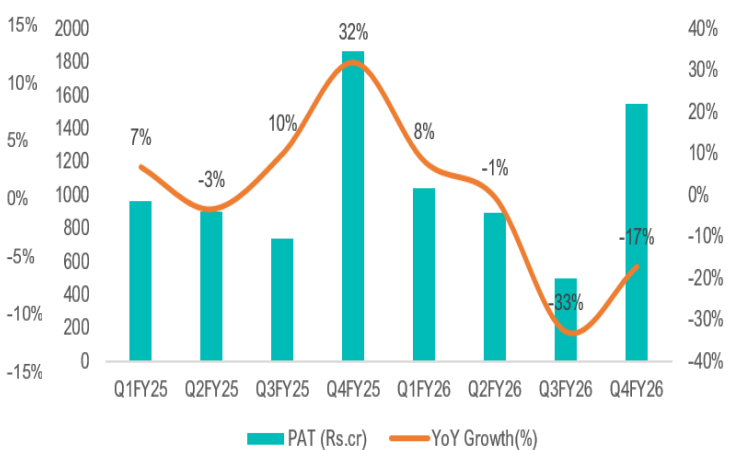
Segmental Revenue Mix



EBITDA



PAT



Change in Estimates

| Year / Rs cr | Old estimates | | New estimates | | Change (%) | |
|--------------|---------------|-------|---------------|-------|------------|-------|
| | FY27E | FY28E | FY27E | FY28E | FY27E | FY28E |
| Revenue | 3,903 | 4,494 | 3,898 | 4,484 | 0% | 0% |
| EBITDA | 757 | 894 | 735 | 908 | -3% | 2% |
| Margins (%) | 19 | 20 | 19 | 20 | -14bps | 25bps |
| Adj. PAT | 524 | 627 | 505 | 633 | -4% | 1% |
| EPS | 69.6 | 83.3 | 67.1 | 84.1 | -4% | 1% |



Standalone Financials

Profit & Loss

| Y.E March (Rs. cr) | FY24A | FY25A | FY26A | FY27E | FY28E |
|----------------------|--------------|--------------|--------------|--------------|--------------|
| Revenue | 2,910 | 3,148 | 3,419 | 3,898 | 4,484 |
| % change | 3.7 | 8.2 | 8.6 | 14.0 | 15.0 |
| EBITDA | 572 | 592 | 612 | 735 | 908 |
| % change | 2.2 | 3.4 | 3.4 | 20.2 | 23.4 |
| Depreciation | 85 | 85 | 106 | 120 | 132 |
| EBIT | 487 | 507 | 506 | 615 | 776 |
| Interest | 4 | 4 | 4 | 4 | 4 |
| Other Income | 41 | 50 | 28 | 62 | 65 |
| PBT | 524 | 553 | 530 | 673 | 837 |
| % change | 0.1 | 5.4 | -4.0 | 27.0 | 24.3 |
| Tax | 132 | 105 | 132 | 168 | 204 |
| Tax Rate (%) | 25.2 | 19.1 | 24.9 | 25.0 | 24.4 |
| Reported PAT | 392 | 447 | 398 | 505 | 633 |
| Adj* | 0 | 0 | 0 | 0 | 0 |
| Adj PAT | 392 | 447 | 398 | 505 | 633 |
| % change | 0.4 | 14.1 | -11.0 | 26.8 | 25.3 |
| No. of shares (cr) | 8 | 8 | 8 | 8 | 8 |
| Adj EPS (Rs.) | 52.1 | 59.5 | 53.0 | 67.1 | 84.1 |
| % change | 0.4 | 14.1 | -11.0 | 26.8 | 25.3 |
| DPS (Rs.) | 1.5 | 2.5 | 36.0 | 1.5 | 1.5 |

Cash Flow

| Y.E March (Rs. cr) | FY24A | FY25A | FY26A | FY27E | FY28E |
|-------------------------|-------------|-------------|-------------|-------------|--------------|
| Net inc. + Deprn. | 477 | 532 | 504 | 625 | 764 |
| Non-cash adj. | -32 | -73 | -19 | 4 | 4 |
| Changes in W.C | -106 | -72 | -48 | -216 | -82 |
| C.F – Operation | 340 | 387 | 437 | 412 | 686 |
| Capital exp. | -262 | -378 | -297 | -130 | -160 |
| Change in inv. | 2 | 4 | 0 | 21 | -2 |
| Other invest.CF | 34 | 40 | 22 | 21 | -2 |
| C.F – Investment | -228 | -338 | -404 | -109 | -161 |
| Issue of equity | 0 | 0 | 0 | 0 | 0 |
| Issue/repay debt | -2 | -4 | -4 | 0 | 0 |
| Dividends paid | -11 | -19 | -271 | -11 | -11 |
| Other finance.CF | -4 | -4 | -4 | -4 | -4 |
| C.F – Finance | -17 | -27 | -279 | -15 | -15 |
| Chg. in cash | 94 | 22 | -245 | 289 | 510 |
| Closing cash | 331 | 397 | 224 | 513 | 1,023 |

Balance Sheet

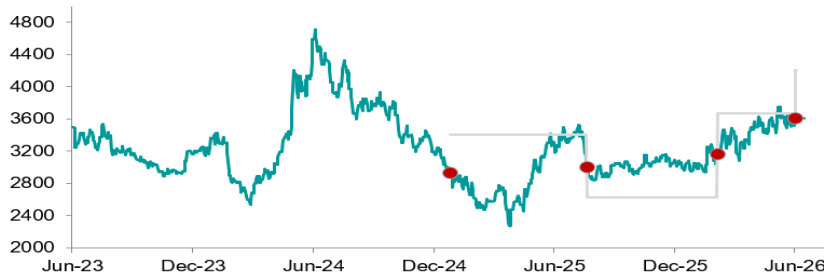
| Y.E March (Rs. cr) | FY24A | FY25A | FY26A | FY27E | FY28E |
|---------------------------|--------------|--------------|--------------|--------------|--------------|
| Cash | 331 | 397 | 224 | 513 | 1,023 |
| Accounts Receivable | 652 | 700 | 798 | 910 | 1,054 |
| Inventories | 667 | 645 | 778 | 849 | 994 |
| Other Cur. Assets | 38 | 94 | 140 | 97 | 112 |
| Investments | 161 | 117 | 180 | 180 | 180 |
| Gross Fixed Assets | 612 | 627 | 587 | 1,229 | 1,244 |
| Net Fixed Assets | 627 | 587 | 1,229 | 1,244 | 1,276 |
| CWIP | 104 | 592 | 101 | 101 | 101 |
| Intangible Assets | 226 | 222 | 217 | 212 | 207 |
| Def. Tax (Net) | 20 | 14 | 12 | 12 | 12 |
| Other Assets | 161 | 59 | 71 | 31 | 33 |
| Total Assets | 2,988 | 3,425 | 3,751 | 4,148 | 4,992 |
| Current Liabilities | 456 | 501 | 673 | 577 | 795 |
| Provisions | 57 | 18 | 24 | 24 | 24 |
| Debt Funds | 25 | 17 | 15 | 15 | 15 |
| Other Liabilities | 33 | 45 | 66 | 66 | 70 |
| Equity Capital | 75 | 75 | 75 | 75 | 75 |
| Reserves & Surplus | 2,342 | 2,770 | 2,898 | 3,392 | 4,014 |
| Shareholder's Fund | 2,417 | 2,845 | 2,974 | 3,467 | 4,089 |
| Total Liabilities | 2,988 | 3,425 | 3,751 | 4,148 | 4,992 |
| BVPS (Rs.) | 321 | 378 | 395 | 461 | 544 |

Ratios

| Y.E March | FY24A | FY25A | FY26A | FY27E | FY28E |
|--------------------------------|-------|-------|-------|-------|-------|
| Profitab. & Return | | | | | |
| EBITDA margin (%) | 19.7 | 18.8 | 17.9 | 18.9 | 20.2 |
| EBIT margin (%) | 16.7 | 16.1 | 14.8 | 15.8 | 17.3 |
| Net profit mgn.(%) | 13.5 | 14.2 | 11.6 | 13.0 | 14.1 |
| ROE (%) | 17.6 | 17.0 | 13.7 | 15.7 | 16.8 |
| ROCE (%) | 16.3 | 14.4 | 13.0 | 14.3 | 15.4 |
| W.C & Liquidity | | | | | |
| Receivables (days) | 77.0 | 78.4 | 79.9 | 79.9 | 79.9 |
| Inventory (days) | 131.4 | 125.9 | 123.9 | 123.9 | 123.9 |
| Payables (days) | 77.6 | 75.2 | 87.1 | 87.1 | 87.1 |
| Current ratio (x) | 3.9 | 3.8 | 2.9 | 4.1 | 4.0 |
| Quick ratio (x) | 2.5 | 2.6 | 1.8 | 2.6 | 2.8 |
| Turnover & Leverage | | | | | |
| Gross asset T.O (x) | 4.2 | 3.3 | 3.6 | 3.9 | 3.4 |
| Total asset T.O (x) | 1.05 | 0.98 | 0.95 | 0.99 | 0.98 |
| Int. coverage ratio (x) | 128.6 | 118.2 | 137.4 | 167.0 | 210.7 |
| Net debt/equity (x) | -0.1 | -0.1 | -0.1 | -0.1 | -0.3 |
| Valuation | | | | | |
| EV/Sales (x) | 7.3 | 6.5 | 7.0 | 6.8 | 5.8 |
| EV/EBITDA (x) | 37.0 | 34.3 | 39.3 | 35.9 | 28.5 |
| P/E (x) | 54.8 | 46.2 | 60.9 | 53.3 | 42.5 |
| P/BV (x) | 8.9 | 7.3 | 8.2 | 7.8 | 6.6 |



Recommendation Summary (last 3 years)



| Dates | Rating | Target |
|-----------|------------|--------|
| 09.Jan.25 | BUY | 3,408 |
| 05.Aug.25 | SELL | 2,629 |
| 20.Feb.26 | Accumulate | 3,665 |
| 19.Jun.26 | BUY | 4,207 |

Investment Rating Criteria

| Ratings | Large caps | Midcaps | Small Caps |
|-------------|----------------------------|---------------------------|---------------------------|
| Buy | Upside is above 10% | Upside is above 15% | Upside is above 20% |
| Accumulate | - | Upside is between 10%-15% | Upside is between 10%-20% |
| Hold | Upside is between 0% - 10% | Upside is between 0%-10% | Upside is between 0%-10% |
| Reduce/sell | Downside is more than 0% | Downside is more than 0% | Downside is more than 0% |

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:

▲ Upgrade

● No Change

▼ Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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