Timken India (TIMIND)

ICICI Direct

CMP: ₹3350 | Target ₹ 4560 (35%) | Target Period: 12 months | BUY

August 6, 2026

Resilient Q1FY27 performance with growth set to accelerate…

About the stock: Timken India Ltd is engaged in the manufacturing, distribution and sale of anti-friction bearings, components, accessories and mechanical power transmission products for the customer base across different sectors.

- FY26 revenue mix: Railways ~23%, Mobility ~20%, Process Industries ~19%, Exports ~21%, After-market ~13% and others 4%.

Q1FY27 performance: Timken India reported a healthy Q1FY27 performance, with revenue increasing 14.9% YoY to ₹929 crore, supported by strong demand across end-user industries. EBITDA increased 21.0% YoY to ₹172 crore, while EBITDA margin expanded 93 bps YoY to 18.5%. Consequently, PAT grew 10.4% YoY to ₹115 crore.

Investment Rationale:

- **Capacity expansion and localisation to drive the next phase of growth:** Timken India is entering a multi-year growth phase supported by ongoing capacity additions at Bharuch and Jamshedpur. The Bharuch plant has already generated ~₹50 crore revenue in Q1FY27, with SRB utilisation improving to 40–45% and expected to increase to ~70% by August–September 2026, while the rail bearing expansion at Jamshedpur is scheduled for commercial production by CY26-end. These investments are expected to increase domestic manufacturing, enhance import substitution, improve product availability and support sustainable revenue growth across industrial, rail and export markets.
- **Well positioned to benefit from industrial capex and export opportunities:** Timken continues to benefit from healthy demand across industrial process, metals, renewable energy, off-highway equipment and heavy commercial vehicles, while exports remain supported by resilient demand from the US market. Management highlighted robust growth in the process segment driven by wind energy and metals, while exports grew 21% YoY despite geopolitical uncertainties. In addition, disciplined pricing actions enabled the company to maintain profitability despite a ~₹5,000/tonne increase in steel prices, the EBITDA margin for Q1 FY27 expanded by 93 basis points yoy, driven by price increases in the heavy truck and private customer segments. these factors are expected to support margin resilience and sustainable earnings growth over the medium term. Going ahead we expect EBITDA margin to expand from ~18% in FY26 to ~19-21% over FY27-28E.

Rating and Target Price: We expect revenues and PAT to grow at CAGR of 13.5% and 25.1% over FY26-FY28E. We recommend **BUY** on **Timken India** with a target price of **₹4560 per share (based on 55x FY28E EPS).**

TIMKEN

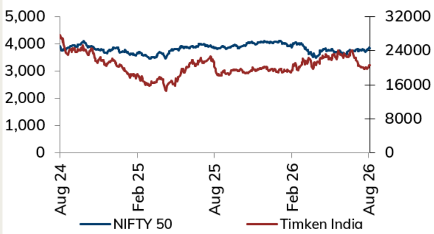
Particulars

Particulars	Rs. (in crore)
Market Capitalisation	24,533.0
Total Debt (FY26)	0.0
Cash and Inv. (FY26)	224.0
Enterprise Value	24,309.0
52-week H/L (Rs.)	3925/2800
Equity capital	75.2
Face value (Rs.)	10.0

Shareholding pattern

%	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	51.1	51.1	51.1	51.1
FII	9.4	7.4	6.9	7.3
DII	27.7	29.7	30.2	30.3
Public	11.8	11.8	11.9	11.4

Price Chart



Key risks

(i) Slowdown in domestic industrial segments and exports;

(ii)) Availability and prices of raw materials

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Key Financial Summary

(Rs Crore)	FY24	FY25	FY26	2 Year CAGR (FY24-26)	FY27E	FY28E	2 Year CAGR (FY26-28E)
Net Sales	2,910	3,148	3,419	8.4%	4,005	4,406	13.5%
EBITDA	572	591	612	3.4%	777	938	23.8%
EBITDA margin (%)	19.7	18.8	17.9		19.4	21.3	
Net Profit	392	447	398	0.8%	512	624	25.1%
EPS (Rs)	52.1	59.5	53.0		68.1	82.9	
P/E (x)	64.3	56.3	63.3		49.2	40.4	
EV/EBITDA (x)	43.5	42.0	40.8		32.0	26.3	
RoCE (%)	21.4	19.2	17.5		19.4	20.2	
RoE (%)	16.2	15.7	13.4		14.8	15.4	

Source: Company, ICICI Direct Research

Q1FY27 Earnings call highlights

- **Financial Performance**:
  - Timken India reported a healthy Q1FY27 performance, with revenue increasing 14.9% YoY to ₹929 crore, supported by strong demand across end-user industries. EBITDA increased 21.0% YoY to ₹172 crore, while EBITDA margin expanded 93 bps YoY to 18.5%. Consequently, PAT grew 10.4% YoY to ₹115 crore.
  - The company also secured BIS certification for CRB and TRB rollers, while the proposed merger of Timken GGB Technology with Timken India is progressing through the NCLT approval process and is expected to improve operational synergies.
  - Segment-wise Revenue Mix (Q1FY27): Railways (~₹205 crore), Mobility (~₹184 crore), Distribution/Aftermarket (~₹154 crore), Process Industries (~₹186 crore), Exports (~₹200 crore).
- **Bharuch Plant Ramp-up:**
  - Management highlighted that the Bharuch bearing facility is witnessing one of the fastest production ramp-ups within the Timken group, with customer approvals progressing ahead of expectations.
  - The plant generated ~₹50 crore revenue during Q1FY27, while SRB utilisation improved to 40–45% and is expected to increase to ~70% by August-September 2026. CRB production is also ramping up gradually, with utilisation expected to reach 10–15% over the coming months, supporting incremental revenue contribution.
- **Rail Expansion:**
  - Management reiterated that the Jamshedpur rail expansion project remains on track, with commercial production expected by CY26-end.
  - Management highlighted that domestic railway procurement has been temporarily delayed due to government fund diversion towards infrastructure and defence, the company expects both domestic tenders and export opportunities to support utilisation of the expanded capacity over the medium term.
- **Margin Outlook:**
  - Despite steel price increases of nearly ₹5,000 per tonne and higher energy costs, gross margin expanded 100 bps YoY to 39.9%, supported by pricing actions and favourable customer mix.
  - Management indicated that most cost increases have already been passed on, particularly in the heavy truck and private industrial segments, while further material cost escalation is expected to remain limited apart from some volatility in base oil and consumables.
- **Guidance:**
  - Management remains positive on FY27, supported by resilient demand across industrial, mobile and export businesses.
  - The Bharuch plant continues to ramp up, rail expansion at Jamshedpur remains on schedule for commercial production by CY26-end, while FY27 capex is expected to remain broadly in line with the earlier guidance of 8–10% of sales.
  - Export demand, particularly from the US market, is expected to remain healthy despite geopolitical uncertainties, although railway demand may remain subdued in the near term due to delayed government procurement.

Financial summary

Exhibit 1: Profit and loss statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Net Sales	3,148	3,419	4,005	4,406
Total Operating Income	3,148	3,419	4,005	4,406
% Growth (Operating Income)	8.2	8.6	17.1	10.0
Other Income	51.3	28.0	31.4	35.1
Total Revenue	**3,199**	**3,447**	**4,036**	**4,441**
Cost of materials consumed	957	1,013	1,221	1,278
Purchase of stock-in-trade	901	1,118	1,201	1,300
Change in inventories	42	(34)	-	-
Employee cost	170	182	204	229
Other Expenses	487	529	601	661
Total expenditure	**2,557**	**2,808**	**3,228**	**3,467**
EBITDA	**591**	**612**	**777**	**938**
% Growth (EBITDA)	3.2	3.6	27.0	20.8
Interest	4.3	3.7	4.0	4.0
PBDT	637	636	804	970
Depreciation	85	106	122	138
PBT	553	530	683	832
Tax	105	132	171	208
PAT	**447**	**398**	**512**	**624**
% Growth (PAT)	14.1	(11.0)	28.5	21.9
EPS	59.5	53.0	68.1	82.9

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Profit after Tax	447	398	512	624
Depreciation	85	106	122	138
Interest	4	4	4	4
Other income	(51)	(28)	(31)	(35)
Prov for Taxation	105	132	171	208
Change in Working Capital	(31)	(34)	(188)	(188)
Taxes Paid	(96)	(113)	(171)	(208)
CF from Op activities	**464**	**465**	**418**	**542**
(Purchase)/Sale of Fixed Assets	(533)	(257)	(250)	(300)
(Purchase)/Sale of Investments	114	(136)	(44)	(30)
Other Income	51	28	31	35
CF from Inv activities	**(367)**	**(365)**	**(263)**	**(295)**
Changes in Networth	(1)	(251)	-	(0)
Interest	(4)	(4)	(4)	(4)
Dividend paid	(19)	(19)	(25)	(28)
CF from Fin activities	**(24)**	**(273)**	**(29)**	**(32)**
Changes in Cash	66	(173)	126	215
Opening Cash/Cash Equivalent	331	397	224	351
Closing Cash/ Cash Equivalent	397	224	351	566

Source: Company, ICICI Direct Research

Exhibit 3: Balance sheet ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Share Capital	75	75	75	75
Reserves & Surplus	2,770	2,898	3,385	3,981
Total Shareholders fund	**2,845**	**2,974**	**3,460**	**4,056**
Goodwill	181	181	181	181
Total debt	-	-	-	-
Other liabilities	59	78	78	78
Total Liabilities	**2,904**	**3,052**	**3,539**	**4,134**
Gross Block	1,240	1,988	2,288	2,588
Acc: Depreciation	663	768	890	1,028
Net Block	577	1,219	1,398	1,561
Capital WIP	592	101	50	50
Investments	122	258	303	333
Inventory	645	778	823	905
Sundry debtors	700	798	901	991
Cash	**397**	**224**	**351**	**566**
Loans & Advances	0	0	0	0
Inv+Other current assets	210	191	268	295
CL& Prov.	522	700	737	748
Net Current Assets	1,431	1,292	1,606	2,009
Total Assets	**2,904**	**3,052**	**3,539**	**4,134**

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Per Share Data				
EPS	59.5	53.0	68.1	82.9
Cash EPS	70.7	67.0	84.2	101.2
BV	378.2	395.3	460.0	539.3
DPS	2.5	2.5	3.3	3.7
Cash Per Share	88.1	102.1	118.3	136.6
Operating Ratios (%)				
EBITDA Margin	18.8	17.9	19.4	21.3
PBT / Net Sales	16.1	14.8	16.4	18.2
PAT Margin	14.2	11.6	12.8	14.2
Inventory days	64.8	59.6	50.9	46.3
Debtor days	62.5	57.5	49.1	44.6
Creditor days	53.2	48.9	41.8	38.0
Return Ratios (%)				
RoE	15.7	13.4	14.8	15.4
RoCE	19.2	17.5	19.4	20.2
RoIC	41.5	27.2	32.1	36.4
Valuation Ratio (%)				
P/E	56.3	63.3	49.2	40.4
EV / EBITDA	42.0	40.8	32.0	26.3
EV / Net Sales	7.9	7.3	6.2	5.6
Market Cap / Sales	8.0	7.4	6.3	5.7
Price to Book Value	8.9	8.5	7.3	6.2
Solvency Ratio (%)				
Current Ratio	2.4	2.4	2.4	2.4
Quick Ratio	1.2	1.2	1.2	1.2

Source: Company, ICICI Direct Research

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Buy: >15%

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Reduce: -15% to -5%;

Sell: <-15%

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