Timken India (TIMIND)

CMP: ₹3020 | Target ₹ 3570 (18%) | Target Period: 12 months | BUY

November 2, 2026

Healthy industrial demand; & capacity expansion supports growth ...

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%.

Q2FY27 performance: Timken India reported a healthy Q2FY27 performance, with revenue increasing 25.4% YoY to ₹969 crore, supported by strong growth in the quarter. EBITDA increased 28.6% YoY to ₹178 crore, while EBITDA margin expanded 50 bps YoY to 18.4%. Consequently, PAT grew 29.7% YoY to ₹116 crore.

Investment Rationale:

- **Strong growth across industrial and export markets, supported by diversified end-market exposure:** Timken India reported 25.4% YoY revenue growth to ₹969 crore in Q2FY27, with exports increasing approximately 60% YoY to ₹263 crore, contributing 27% of revenue. Mobile & Others, Process and Rail contributed 21%, 20% and 16% of revenue, respectively, providing diversification across automotive, industrial and infrastructure applications. Demand across process industries remains healthy, supported by increasing localisation of wind gearbox manufacturing in India, while heavy trucks and off-highway applications offer additional growth opportunities. Railway tender activity is also showing signs of revival, with interim orders placed on wagon builders and delayed tenders expected to progress. The improving export trajectory, diversified application base and potential recovery in railway demand provide multiple growth drivers for the business.
- **Capacity ramp-up and localisation to support medium-term growth and profitability:** Timken is expanding its manufacturing footprint through the Bharuch facility and investments in railway and GGB products. Bharuch generated approximately ₹75 crore revenue in Q2FY27, with overall utilisation reaching 60%, including 70% utilisation in SRB lines and 58–60% in CRB lines. Management expects utilisation to improve to 70–75%, with domestic contribution increasing as customer approvals and PPAPs progress. Additionally, the ₹120 crore railway expansion at Jamshedpur is expected to commence trial runs in November–December 2026, followed by customer qualification and commercial ramp-up. Investments of approximately ₹35 crore each in friction-reduction composite and metal-polymer products, against the existing GGB business revenue base of ₹70–75 crore, provide further localisation and growth opportunities. Higher utilisation, localisation and a favourable industrial product mix should support operating leverage over the medium term. Going ahead we expect EBITDA margin to expand from ~18% in FY26 to ~19-20% over FY27-28E.

Rating and Target Price: We expect revenues and PAT to grow at CAGR of 14% and 22.3% over FY26-FY28E. We recommend **BUY** on **Timken India** with a target price of **₹3570 per share (based on 45x FY28E EPS).**

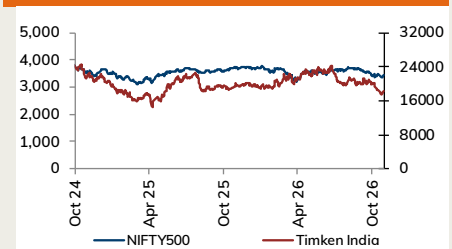
Particulars

	Rs. (in crore)
Market Capitalisation	21,150
Total Debt (FY26)	0.0
Cash and Inv. (FY26)	224.0
Enterprise Value	20,926.0
52-week H/L (Rs.)	3924/2686
Equity capital	75.2
Face value (Rs.)	10.0

Shareholding pattern

%	Dec-25	Mar-26	Jun-25	Sep-26
Promoter	51.1	51.1	51.1	51.1
FII	6.9	7.0	7.3	6.9
DII	30.2	30.6	30.3	30.4
Public	11.9	11.4	11.4	11.7

Price Chart



Key risks

(i) Slowdown in domestic industrial segments and exports;

(ii)) Availability and prices of raw materials

Research Analyst

Chirag J Shah
shah.chirag@icicisecurities.com

Dilip Pandey
dilip.pandey@icicisecurities.com

Gourav Aggarwal
gourav.aggarwal@icicisecurities.com

Result Update

ICICI Securities – Retail Equity Research

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	4,441	14.0%
EBITDA	572	591	612	3.4%	777	902	21.4%
EBITDA margin (%)	19.7	18.8	17.9		19.4	20.3	
Net Profit	392	447	398	0.8%	512	596	22.3%
EPS (Rs)	52.1	59.5	53.0		68.1	79.3	
P/E (x)	57.9	50.8	57.0		44.4	38.1	
EV/EBITDA (x)	39.1	37.8	36.8		28.8	24.6	
RoCE (%)	21.4	19.2	17.5		19.4	19.5	
RoE (%)	16.2	15.7	13.4		14.8	14.8	

Source: Company, ICICI Direct Research

Q2FY27 Earnings call highlights

- **Financial Performance**:
  - Timken India reported a healthy Q2FY27 performance, with revenue increasing 25.4% YoY to ₹969 crore, supported by healthy demand across key end markets and growth in domestic and export businesses.
  - EBITDA increased 28.6% YoY to ₹178 crore, while EBITDA margin expanded 50 bps YoY to 18.4%. Consequently, PAT grew 29.7% YoY to ₹116 crore.
- **Segment-wise Revenue Mix (Q2FY27):**
  - **Exports** contributed ₹262.7 crore (27%) of Q2FY27 revenue, increasing approximately 60% YoY and 30% QoQ, supported by improving international demand.
  - **Mobility & Others** contributed ₹204 crore (21%) of revenue.
  - **Process Industries** at ₹190.9 crore (20%),
  - **Rail** at ₹156.7 crore (16%)
  - **Distribution** at ₹148.8 crore (15%).
- **Bharuch Plant Ramp-up:**
  - The Bharuch facility generated approximately ₹75 crore revenue in Q2FY27, with overall capacity utilisation reaching around 60%.
  - Within the facility, SRB lines achieved 70% utilisation, in line with management's earlier target, while CRB lines operated at approximately 58–60%.
  - SRB and CRB products are currently largely directed towards exports and inter-company supplies, with domestic sales expected to improve as customer approvals and PPAPs progress
  - Management expects overall utilisation to improve to approximately 70–75%, while noting that December-quarter seasonality could result in some moderation in export shipments.
- **Rail Expansion:**
  - The ₹120 crore railway expansion at Jamshedpur remains on track, with trial runs expected to commence during November–December 2026, followed by PPAPs and customer qualification before commercial ramp-up.
  - Railway tender activity, which was delayed earlier, has started gaining momentum. Interim orders have been placed on wagon builders, while the formation of the tender committee and subsequent purchase orders are expected over the next few weeks. Management expects railway demand to gain traction in subsequent quarters, although the conversion of delayed tenders into orders remains a monitorable.
- **GGB Business & Technology Development:**
  - The GGB-related manufacturing expansion at Bharuch is progressing, with investments underway in friction-reduction composite (FRC) and metal-polymer products. Management indicated that the relevant machinery has arrived but is yet to be fully capitalised and commissioned.
  - The company is currently supplying certain GGB products through imports from its overseas group entity, with plans to progressively manufacture them locally at Bharuch. The business is expected to follow a combination of imported and locally manufactured supplies during the initial phase.

- Management indicated that the GGB business currently has revenue of approximately ₹70–75 crore. The ongoing investments of approximately ₹35 crore each in FRC and metal-polymer products, with an expected asset turnover of 1.5–2x, provide scope for incremental revenue as manufacturing operations scale up.

- **Other Key highlights & Outlook:**
  - Management highlighted continued inflation across key inputs, including carbides, steel, gases, fuel and labour. Carbide prices have increased significantly, with management indicating an approximately 200% increase. The company intends to pass on higher input costs to customers across both automotive and non-automotive businesses.
  - The approximately 130 bps QoQ gross-margin pressure was attributable to two factors: nearly 50% from an unfavourable product mix, primarily due to lower railway contribution, and 50% from the timing gap between input-cost inflation and corresponding price increases.
  - Within Process Industries, the wind segment is witnessing healthy demand. Management highlighted that gearbox manufacturing is increasingly shifting to India, providing opportunities for Timken's industrial bearing portfolio.

Financial summary

Exhibit 1: Profit and loss statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Net Sales	3,148	3,419	4,005	4,441
Total Operating Income	3,148	3,419	4,005	4,441
% Growth (Operating Income)	8.2	8.6	17.1	10.9
Other Income	51.3	28.0	31.4	35.1
Total Revenue	**3,199**	**3,447**	**4,037**	**4,476**
Cost of materials consumed	957	1,013	1,222	1,332
Purchase of stock-in-trade	901	1,118	1,202	1,310
Change in inventories	42	(34)	-	-
Employee cost	170	182	204	231
Other Expenses	487	529	601	666
Total expenditure	**2,557**	**2,808**	**3,228**	**3,539**
EBITDA	**591**	**612**	**777**	**902**
% Growth (EBITDA)	3.2	3.6	27.0	16.0
Interest	4.3	3.7	4.0	4.0
PBDT	637	636	804	933
Depreciation	85	106	122	138
PBT	553	530	683	795
Tax	105	132	171	199
PAT	**447**	**398**	**512**	**596**
% Growth (PAT)	14.1	(11.0)	28.5	16.5
EPS	59.5	53.0	68.1	79.3
EBITDA margin	18.8%	17.9%	19.4%	20.3%

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Profit after Tax	447	398	512	596
Depreciation	85	106	122	138
Interest	4	4	4	4
Other income	(51)	(28)	(31)	(35)
Prov for Taxation	105	132	171	199
Change in Working Capital	(31)	(34)	(188)	(200)
Taxes Paid	(96)	(113)	(171)	(199)
CF from Op activities	**464**	**465**	**418**	**503**
(Purchase)/Sale of Fixed Assets	(533)	(257)	(250)	(300)
(Purchase)/Sale of Investments	114	(136)	(44)	(33)
Other Income	51	28	31	35
CF from Inv activities	**(367)**	**(365)**	**(263)**	**(298)**
Changes in Networth	(1)	(251)	-	-
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	173
Opening Cash/Cash Equivalent	331	397	224	351
Closing Cash/ Cash Equivalent	397	224	351	524

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	3,953
Total Shareholders fund	**2,845**	**2,974**	**3,460**	**4,029**
Goodwill	181	181	181	181
Total debt	-	-	-	-
Other liabilities	59	78	78	78
Total Liabilities	**2,904**	**3,052**	**3,539**	**4,107**
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	336
Inventory	645	778	823	913
Sundry debtors	700	798	901	999
Cash	**397**	**224**	**351**	**524**
Loans & Advances	0	0	0	0
Inv+Other current assets	210	191	268	298
CL& Prov.	522	700	737	754
Net Current Assets	1,431	1,292	1,606	1,979
Total Assets	**2,904**	**3,052**	**3,539**	**4,107**

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	79.3
Cash EPS	70.7	67.0	84.2	97.6
BV	378.2	395.3	460.0	535.6
DPS	2.5	2.5	3.3	3.7
Operating Ratios(%)				
EBITDA Margin	18.8	17.9	19.4	20.3
PBT / Net Sales	16.1	14.8	16.4	17.2
PAT Margin	14.2	11.6	12.8	13.4
Inventory days	64.8	59.6	50.9	45.9
Debtor days	62.5	57.5	49.1	44.3
Creditor days	53.2	48.9	41.8	37.7
Return Ratios(%)				
RoE	15.7	13.4	14.8	14.8
RoCE	19.2	17.5	19.4	19.5
RoIC	41.5	27.2	32.1	34.7
Valuation Ratio(%)				
P/E	50.8	57.0	44.4	38.1
EV / EBITDA	37.8	36.8	28.8	24.6
EV / Net Sales	7.1	6.6	5.6	5.0
Market Cap / Sales	7.2	6.6	5.7	5.1
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

RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

Pankaj Pandey | Head – Research | pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

ANALYST CERTIFICATION

I/We, Chirag Shah, PGDBM, Dilip Pandey, MBA, Gourav Aggarwal, MBA, Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products.

ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by Sebi and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal

Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Jeetu Jawrani Email address: headservicequality@icicidirect.com Contact Number: 18601231122

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/beneficial ownership of one percent or more or other material conflict of interest various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

ICICI Securities Limited has not used any Artificial Intelligence tools for preparation of this Research Report

SEBI Guidelines for Research Analyst (RA) requires all RAs to disclose terms and conditions pertaining to Research Services to all clients. Please go through the "Mandatory terms and conditions" and "Most Important Terms and Conditions".