Company Update

Retail Equity Research

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Timken India Ltd.

Accumulate

Sector: Capital Goods

20th February 2026

Key Changes	Target ▲	Rating ▲	Earnings ▼		
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Small Cap	TMKN:IN	82,498	TIMKEN	522113	12 Months

Target	Rs.3,665
CMP	Rs.3,153
Return	+16%

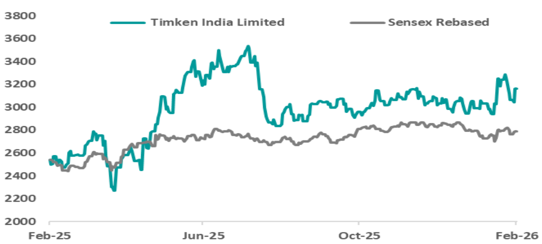
Data as of: 19-02-2026 18:00 hrs

Company Data	
Market cap. (Rs. cr)	23,801
52 Week High — Low (Rs.)	3,576-2,200
Enterprise Value (Rs. cr)	23,564
Outstanding Shares (cr)	7.5
Free Float (%)	47.6
Dividend Yield (%)	1.1
6m average volume (cr)	0.01
Beta	1.2
Face value (Rs)	10.0

Shareholding (%)	Q1FY26	Q2FY26	Q3FY26
Promoters	51.1	51.1	51.1
FII's	9.4	7.4	6.9
MFs/Institutions	27.7	29.7	30.2
Public	11.8	11.8	11.8
Total	100	100	100
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	2.1%	5.7%	26.1%
Absolute Sensex	-3.2%	0.6%	8.6%
Relative Return	5.3%	5.1%	17.4%

***over or under performance to benchmark index**



Standalone (Rs.cr)	FY26E	FY27E	FY28E
Sales	3,414	3,903	4,494
Growth	*8%*	*14%*	*15%*
EBITDA	607	757	894
EBITDA Margin	*18%*	*19%*	*20%*
PAT Adjusted	423	524	627
Growth	*-5%*	*24%*	*20%*
Adjusted EPS	56.3	69.6	83.3
Growth	*-5%*	*24%*	*20%*
P/E	56.5	45.7	38.2
P/B	7.3	6.3	5.4
EV/EBITDA	38.3	30.3	25.2
ROE	*13.9*	*14.9*	*15.3*
D/E	-0.20	-0.26	-0.31

Author: Arun Kailasan, Research Analyst

Demand Revival Across Segments Drives Topline…

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

- Timken's Q3FY26 revenue from operations grew 14% YoY to Rs.764.3cr. All business segments grew during the quarter, with the Process segment showing the strongest momentum, jumping 24%YoY to Rs.167cr.
- Gross profit stood at Rs.273.6cr, with gross margins at 35.8%, which is 342 bps lower than last year due to an unfavourable mix and higher material costs and the purchase of traded goods.
- Other expenses rose 25% YoY, and employee expenses increased 12% YoY, pressuring EBITDA margins to contract 333bps to stand at 13%, with EBITDA for the quarter at Rs.95.8cr.
- Profit Before Tax (PBT) fell 26% YoY due to higher depreciation expense on account of capitalisation of new manufacturing lines at Bharuch, partially offset by lower finance cost. Other income was lower because of a reduction in investable surplus, following dividend payouts and the GGB acquisition.
- PAT declined 33% YoY to Rs.49.8cr, and PAT margins softened to 6%. The company noted that these pressures are temporary, and margins should gradually improve as the new Bharuch plant scales up.

Outlook & Valuation

Though impacted by temporary cost pressures and the initial ramp-up phase of the Bharuch plant, Timken continues to demonstrate underlying demand strength across key industrial segments. We expect revenues to grow at 15% CAGR, driven by demand improvement from CV and rail segments and improving utilisation at the new SRB/CRB capacity and potential upside from favourable global trade developments that enhance export opportunities. Margins are expected to expand from 17.8% in FY26E to 19.9% in FY28E as mix normalises from current unfavourable mix and Bharuch ramp-up costs taper off, and operating leverage improves with rising domestic and export volumes. Resultantly, earnings are projected to grow at a strong 22% CAGR over FY26–28E, reflecting both topline momentum and margin recovery. **Hence, We value the stock at 44X on FY28 EPS and upgrade the stock from Sell to Accumulate rating with a Target price of Rs.3,665/Share.**

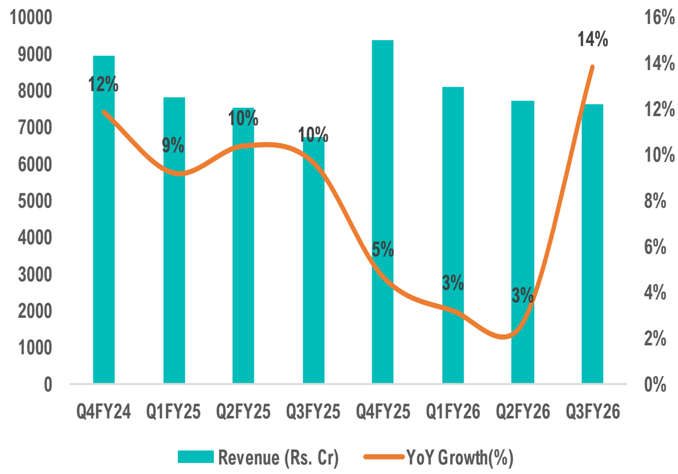
Quarterly Financials Standalone

Rs.cr	Q3FY26	Q3FY25	YoY	Q2FY26	QoQ	9MFY26	9MFY25	YoY
Sales	764	671	14%	773	-1%	23,462	22,080	6%
EBITDA	96	107	-10%	138	-31%	3,766	3,808	-1%
Margin	13%	16%	-333bps	18%	-537bps	16%	17%	-120bps
EBIT	95	105	-10%	138	-31%	3,738	3,777	-1%
PBT	72	98	-26%	121	-40%	3,230	3,512	-8%
Rep. PAT	50	74	-33%	89	-44%	2,435	2,606	-7%
Adj PAT	50	74	-33%	89	-44%	2,435	2,606	-7%
EPS (Rs)	6.6	9.9	-33%	11.9	-44%	32.4	34.6	-7%

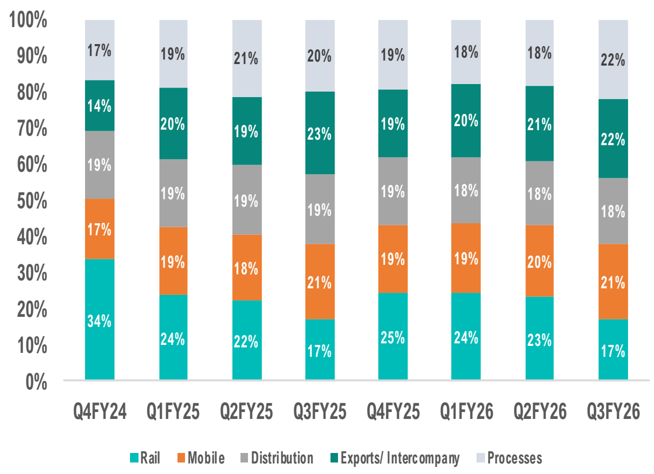
Key Highlights

- Timken's new Bharuch plant now makes SRB and CRB bearings and is fully ready for production. The team is speeding up PPAP approvals from customers so they can start selling more quickly from this big new facility.
- The company plans to expand rail bearing capacity at Jamshedpur, starting operations in Q3 of FY27. This will steadily meet growing demand from India's railway infrastructure projects.
- GGB's FRC line for plain bearings is right on schedule, with equipment setup planned for end of Q1 or start of Q2 FY27. It targets replacing costly imports in key markets.
- Recent India-US and EU trade deals lower tariffs and open doors for more exports. Timken sees these as big tailwinds for supply chain shifts favoring Indian manufacturing.
- Commercial vehicle demand is picking up fast due to OEMs building stocks ahead of year-end. Rail stays steady, supported by ongoing government budget spending on infrastructure.

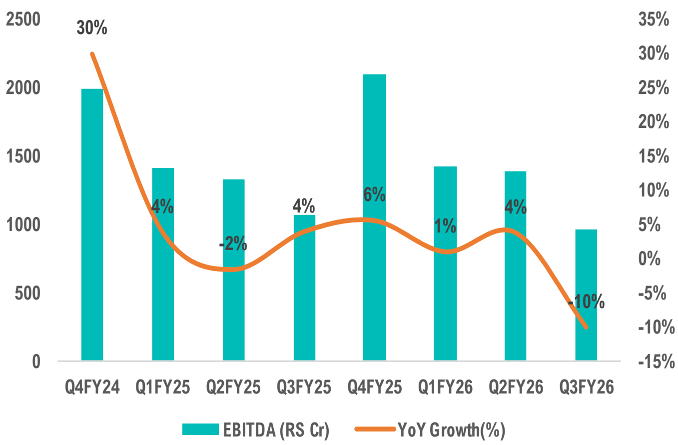
Revenue



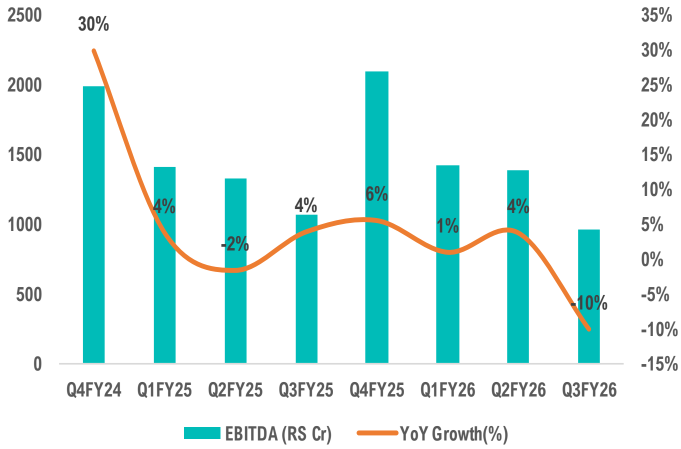
Segmental Revenue Mix



EBITDA



PAT



Change in Estimates

	Old estimates		New estimates			Change (%)	
Year / Rs cr	FY26E	FY27E	FY26E	FY27E	FY28E	FY26E	FY27E
Revenue	3,491	4,007	3,414	3,903	4,494	-2%	-3%
EBITDA	643	782	607	757	894	-6%	-3%
Margins (%)	18	20	18	19	20	-64bps	-63bps
Adj. PAT	457	564	423	524	627	-7%	-7%
EPS	60.8	75	56.3	69.6	83.3	-7%	-7%

Consolidated Financials

Profit & Loss

Y.E March (Rs. cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**2,910**	**3,148**	**3,414**	**3,903**	**4,494**
% change	*3.7*	*8.2*	*8.5*	*14.3*	*15.2*
EBITDA	**572**	**592**	**607**	**757**	**894**
% change	*2.2*	*3.4*	*2.6*	*24.7*	*18.1*
Depreciation	85	85	103	120	135
EBIT	**487**	**507**	**504**	**637**	**759**
Interest	4	4	4	4	4
Other Income	41	50	59	65	71
PBT	**524**	**553**	**559**	**698**	**827**
% change	*0.1*	*5.4*	*1.1*	*25.0*	*18.4*
Tax	**132**	**105**	**136**	**175**	**200**
Tax Rate (%)	*25.2*	*19.1*	*24.3*	*25.0*	*24.2*
Reported PAT	**392**	**447**	**423**	**524**	**627**
Adj*	0	0	0	0	0
Adj PAT	**392**	**447**	**423**	**524**	**627**
% change	*0.4*	*14.1*	*-5.4*	*23.8*	*19.6*
No. of shares (cr)	8	8	8	8	8
Adj EPS (Rs.)	**52.1**	**59.5**	**56.3**	**69.6**	**83.3**
% change	*0.4*	*14.1*	*-5.4*	*23.8*	*19.6*
DPS (Rs.)	**1.5**	**0.6**	**0.5**	**0.7**	**0.8**

Balance Sheet

Y.E March (Rs. cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash	**331**	**397**	**660**	**966**	**1,377**
Accounts Receivable	652	700	748	909	1,047
Inventories	**667**	**645**	**692**	**783**	**886**
Other Cur. Assets	38	94	85	97	112
Investments	**161**	**117**	**117**	**117**	**117**
Gross Fixed Assets	612	627	587	678	693
Net Fixed Assets	**627**	**587**	**678**	**693**	**722**
CWIP	104	592	592	592	592
Intangible Assets	226	222	217	212	207
Def. Tax (Net)	20	14	14	14	14
Other Assets	161	59	29	31	33
Total Assets	**2,988**	**3,425**	**3,832**	**4,413**	**5,106**
Current Liabilities	456	501	487	545	613
Provisions	57	18	18	18	18
Debt Funds	**25**	**17**	**17**	**17**	**17**
Other Liabilities	33	45	47	51	55
Equity Capital	75	75	75	75	75
Reserves & Surplus	2,342	2,770	3,189	3,708	4,328
Shareholder's Fund	2,417	2,845	3,264	3,783	4,403
Total Liabilities	**2,988**	**3,425**	**3,832**	**4,413**	**5,106**
BVPS (Rs.)	**321**	**378**	**434**	**503**	**585**

Cash Flow

Y.E March (Rs. cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Net inc. + Depn.	**477**	**532**	**527**	**643**	**762**
Non-cash adj.	-32	-73	4	4	4
Changes in W.C	**-106**	**-72**	**-83**	**-202**	**-183**
C.F – Operation	340	387	447	445	582
Capital exp.	**-262**	**-378**	**-190**	**-130**	**-160**
Change in inv.	2	4	13	-1	-2
Other invest.CF	**34**	**40**	**13**	**-1**	**-2**
C.F – Investment	-228	-338	-177	-131	-161
Issue of equity	**0**	**0**	**0**	**0**	**0**
Issue/repay debt	-2	-19	0	0	0
Dividends paid	**-11**	**-4**	**-4**	**-5**	**-6**
Other finance.CF	-4	-4	-4	-4	-4
C.F – Finance	**-17**	**-27**	**-8**	**-8**	**-9**
Chg. in cash	94	22	263	305	411
Closing cash	**331**	**397**	**660**	**966**	**1,377**

Ratios

Y.E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profitab. & Return					
EBITDA margin (%)	19.7	18.8	17.8	19.4	19.9
EBIT margin (%)	16.7	16.1	14.8	16.3	16.9
Net profit mgn.(%)	13.5	14.2	12.4	13.4	13.9
ROE (%)	17.6	17.0	13.9	14.9	15.3
ROCE (%)	16.3	14.4	12.4	13.6	13.9
W.C & Liquidity					
Receivables (days)	77.0	78.4	77.4	77.5	79.4
Inventory (days)	131.4	125.9	115.9	113.1	113.0
Payables (days)	80.3	83.2	79.7	79.9	79.9
Current ratio (x)	3.9	3.8	4.6	5.2	5.7
Quick ratio (x)	2.5	2.6	3.2	3.8	4.2
Turnover & Leverage					
Gross asset T.O (x)	4.2	3.3	2.8	3.2	3.5
Total asset T.O (x)	1.05	0.98	0.94	0.95	0.94
Int. coverage ratio (x)	128.6	118.2	143.9	182.0	216.8
Net debt/equity (x)	-0.1	-0.1	-0.2	-0.3	-0.3
Valuation					
EV/Sales (x)	7.3	6.5	6.8	5.9	5.0
EV/EBITDA (x)	37.0	34.3	38.3	30.3	25.2
P/E (x)	54.8	46.2	56.5	45.7	38.2
P/BV (x)	8.9	7.3	7.3	6.3	5.4

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

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

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