Sector - Bearings

TIMKEN (INDIA) LTD

10th August 2026 | Close* – ₹3,351 | View – **HOLD**

Q1FY27 Result Highlights

Key Takeaways

- Timken India delivered a steady start to FY27, with revenue at ₹9,290mn, up ~15% YoY, though sequentially lower vs the seasonally strong Q4 (as is typical for the bearing business).
- PBT grew 15% YoY to ₹1,500mn; PBT margin at 16.2% vs 16.1% in Q1FY26 margin held up despite higher depreciation from the newly capitalized Bharuch capacity.
- Bharuch SRB/CRB plant continues to ramp up well. Revenue contribution of ~₹500mn in Q1, utilization at ~40-45%, guided to reach ~70% by Jul-Aug'26.
- Rail segment started the year on a soft note (~3% YoY growth) on slower government procurement, though management expects this to normalize; Jamshedpur rail capacity remains on track for commercial production by calendar year-end.
- Process industries (+~30% YoY) and export/intercompany sales (+21% YoY) were the standout growth drivers, led by wind, metals projects and resilient US demand.
- Cost inflation (steel, gas, carbide, base oil) remains a live issue, though largely being passed through; management does not see further major escalation from current levels barring a geopolitical/oil-price shock.
- BIS certification secured for CRB, CRB rollers and TRB rollers during the quarter; Timken GGB–Timken India merger scheme now pending NCLT (Bengaluru bench) approval.
- Management reiterated no direct read-through for India from parent Timken's global 80-20 portfolio review, given India's off-highway/heavy-truck/rail focus (ex-passenger vehicle, 2W/3W).

Q1FY27 Financial Performance

- **Revenue and Profitability**
  - Standalone revenue from operations: ₹9,290mn, up ~15% YoY (Q1FY26: ~₹8,080mn).
  - Consolidated revenue: ₹9,430mn for the quarter.
  - Q1FY27 PBT: ₹1,500mn, up 15% YoY (Q1FY26: ₹1,300mn); PBT margin at 16.2% vs 16.1% YoY.
  - Consolidated PBT: ₹1,560mn; consolidated PAT: ₹1,190mn.
  - Standalone PAT: ₹1,150mn.
  - Other income: ₹100mn.
  - EBITDA margin for the quarter: 19.6%.
  - Gross margin: 39.9%, up 100bps YoY; broadly flat QoQ management flagged Q1 as a seasonally unfavorable mix quarter (vs Q4, which is typically the most favorable), so the flat-QoQ gross margin actually reflects successful price-hike realization offsetting mix headwinds.
- **Segment-wise Performance (Q1FY27, standalone revenue ₹9,290mn)**

Segment	Revenue	Mix
Rail	₹2,000mn	22%
Mobile (Off-highway/CV/Tractor)	₹1,840mn	~20%
Distribution/Aftermarket	₹1,540mn	~17%
Process Industries + Exports (combined)	~₹3,910mn (balance)	~41%

Source: Company, Way2wealth

Important Statistics

Nifty	24,570
Sensex	78,499
LTP*	3351
MCAP (₹ bn)	251
52 Week H/L (₹)	3925/ 2800
NSE Code	TIMKEN
BSE Code	522113
Bloomberg Code	TMKN:IN

Close as on 7th August 2026*

Shareholding Pattern	Jun'26 (%)
Promoters	51.05
FIIs	7.32
DIIs	30.26
Public	11.33

Financials

(₹ mn)

Particulars	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue	29,095	31,478	34,780	39,654	45,080	53,308
EBITDA	5,724	5,916	6,324	7,539	9,210	10,756
EBITDA Margin (%)	*19.7*	*18.8*	*18.2*	*19.2*	*20.1*	*20.2*
Net Profit	3,921	4474	4,149	5,084	6,324	7,509
EPS (₹)	52.1	59.5	55.2	67.5	84.05	99.85
RoE (%)	16.2	17.0	13.7	15.6	16.7	17.2
RoCE (%)	19.4	21.0	18.3	17.9	19.9	20.0
P/E (x)	54.9	46.2	67.7	50.9	39.8	33.4
EV/EBITDA (x)	36.7	35.4	41.8	33.5	27.5	23.0

Source: Company, Way2wealth

Relative Performance

Return (%)	1 Yr	3Yr	5 Yr
Timken	**13.83**	**-0.03**	**122.01**
Nifty 50	0.08	28.8	51.35
Sensex	2.59	-0.02	44.69

Source: Company, Way2wealth

Dhananjay Kansara
dhananjay.k@way2wealth.com
Ph: 022 – 4019 2911

W2W Lighthouse - A Quick Perspective

- **Export Business**
  - Export/intercompany revenue grew ~21% YoY, driven primarily by the US market, which remains resilient even as Europe, ASEAN and China demand stays soft to down; South Africa steady, Australia flattish.
  - Growth driver: taper bearing supply to the US market via the intercompany channel.
  - Management flagged ongoing geopolitical uncertainty (tariffs, regional conflicts) as a "new normal" but does not see it derailing the export trajectory; cited large infrastructure projects (e.g., ~$300bn+ Oman pipeline) continuing despite geopolitical noise.

Bharuch SRB/CRB Plant Ramp-up

- **Operational Progress**
  - Revenue contribution of ~₹500mn in Q1FY27.
  - Utilization at ~40-45% in Q1, expected to ramp to ~70% by Jul-Aug/Sep'26.
  - Management described this as one of the fastest bearing-plant ramp-ups in their experience, citing strong product quality alongside the pace of customer/PPAP approvals.
  - Revenue mix at the plant currently skews toward SRB (large/small spherical roller bearings), higher than cylindrical roller bearings (CRB) at this stage.
- **Rail Business Outlook**
  - Rail segment revenue: ₹2,000mn in Q1FY27 (22% of standalone revenue), up only ~3% YoY a marked slowdown vs the strong Q4FY26 print (₹2,780mn).
  - Government/railway procurement described as sluggish, attributed to central government funds being periodically diverted toward infrastructure/defense priorities; management views this as a timing issue rather than structural.
  - Jamshedpur rail capacity expansion remains on track, targeting commercial production by calendar year-end; management plans to ramp quickly given rail's export potential in other geographies alongside eventual pickup in delayed domestic tenders.
- **Commercial Vehicle (CV) and Tractor / Mobile Outlook**
  - Mobile (off-highway, heavy truck, tractor) segment at ₹1,840mn, ~20% of revenue.
  - Company remains focused on off-highway equipment (backhoes, excavators) and heavy trucks explicitly does not participate in passenger vehicles, 2-wheelers or 3-wheelers (ball-bearing-led segments).
- **Cost Inflation and Pricing Actions**
  - Steel: cumulative price hikes of ~₹5,000/tonne absorbed into the system (₹1,500-1,600/tonne in January + ₹3,500/tonne in April); majority of customers have started paying the pass-through.
  - Steel prices unlikely to rise further near-term given industry capacity utilization remains sub-optimal.
  - Natural gas conversion (from LPG) has been implemented across all plants, aiding cost structure amid Middle East supply disruption risk.
  - Residual cost pressure areas flagged: carbide (up meaningfully), grinding consumables (slightly up), coal-linked costs (slightly up).
  - Base oil (input to grease) flagged as the only currently volatile cost line.
  - Barring further escalation, management does not see major additional cost pressure from current levels.

W2W Lighthouse - A Quick Perspective

- Pass-through mechanism varies by channel: heavy truck/tractor largely successful; PSU/large cement (annual rate contracts) and railway (fixed contracts) pass-through only achievable at contract renewal.

➢ **Manufacturing Localization**

- Manufactured vs traded mix broadly similar to recent quarters, cited at approximately 75:25 (manufactured:traded) a shift in commentary from the ~65:35 mix referenced last quarter; not specified whether this reflects a genuine mix shift or a different basis of disclosure.

➢ **Capex Outlook**

- FY27 capex guidance reiterated at 8-10% of revenue, consistent with prior guidance.
- Rail (Jamshedpur) and Bharuch bearing-plant investments both confirmed on track, with management flagging potential timing spillover of some capex into the next fiscal year, though the overall capex envelope remains unchanged.

➢ **Corporate Developments**

- BIS certification secured during the quarter for CRB, CRB rollers and TRB rollers, supporting the company's positioning in the domestic quality/standards landscape.
- Scheme of amalgamation of Timken GGB Technology Pvt Ltd with Timken India Board-approved, now pending NCLT (Bengaluru Bench) approval; intended to drive synergies and cost efficiencies.
- Parent Timken's global 80-20 portfolio review (which led to divestment of the belt business and review of US/Mexico auto lines) management does not see a direct strategic read-through for India, framing 80-20 primarily as a performance/service-level improvement discipline (on-time delivery, make-to-forecast vs. make-to-order, distribution empowerment, digitization) rather than a portfolio-exit signal for the India business.

➢ **Management Commentary and Outlook**

- Demand environment: management did not flag demand as a current concern; core segments (off-highway, heavy truck, process/wind, exports) showing resilient trends.
- Rail remains the primary swing factor, contingent on government order timing normalizing.
- Cost recovery and Bharuch ramp-up remain the two key execution priorities through FY27.
- Management reiterated intent to grow ahead of the market while protecting margins through pricing discipline and cost management.

View

Q1FY27 was a steady, execution-consistent quarter 15%/15% revenue/PBT growth with margin resilience despite a step-up in depreciation is the key positive, reinforcing that Bharuch capitalization is not yet a margin drag. The sequential dip vs. Q4FY26 (₹10,730mn to ₹9,290mn) is seasonal and not a read-through on demand. The two variables to track into Q2/Q3 are: (1) Bharuch utilization trajectory (40-45% guided to 70%), which is the primary volume lever for FY27, and (2) rail order timing, where a single-digit start to the year keeps the segment as a swing factor rather than a tailwind for now. Cost pass-through appears to be working as designed, with gross margin holding at 39.9% despite ongoing steel/consumables inflation a reassuring signal on pricing power in the heavy-truck/off-highway channel specifically. **The stock is hold and currently trading at 33x FY29E P/E at EPS ₹99.85.**

FINANCIAL PERFORMANCE

(₹ mn)

Particulars	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	FY26
Revenue	**9,433**	**8,222**	**14.73%**	**10,898**	**-13.44%**	**34,780**
Cost of Matl	3,591	2,668	34.56%	2,283	57.29%	10,356
Stock Purchases	2,966	2,257	31.42%	3,097	-4.22%	11,257
Inventories Changes	(897)	85	-1152.28%	1,160	-177.37%	(342)
Employee Exps	499	441	12.93%	490	1.75%	1,865
Other Exps	1,499	1,300	15.27%	1,451	3.29%	5,320
EBITDA	**1,776**	**1,469**	**20.90%**	**2,418**	**-26.54%**	**6,324**
EBITDA Margin (%)	***18.8***	***17.9***	***96***	***22.2***	***(336)***	***18.2***
Other Income	107	112	-4.26%	8	1,215.3	301
Depreciation	314	209	50.11%	296	5.91%	1,060
Finance Cost	8	12	-34.34%	10	-21.27%	37
PBT	1,562	1,361	14.81%	2,120	-26.31%	5,526
Tax Exps	366	277	32.25%	537	-31.90%	1,377
Net Profit	**1,197**	**1,084**	**10.36%**	**1,583**	**-24.41%**	**4,149**
EPS (₹)	15.9	14.4	10.36%	21.0	-24.41%	55.2

As % of Sales	Q1FY27	Q1FY26	YoY (BPS)	Q4FY26	QoQ (BPS)	FY26
Raw Mat Cost	60.0	60.9	(95)	60.0	(1)	61.2
Gross Profit	40.0	39.1	95	40.0	1	38.8
Employee Exps	5.3	5.4	(8)	4.5	79	5.4
Other Exps	15.9	15.8	7	13.3	257	15.3

Source: Company, Way2wealth

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Disclosure of Interest Statement TIMKEN (INDIA) LTD as on 10th August 2026

Name of the Security	TIMKEN (INDIA) LTD
Name of the analyst	Dhananjay Kansara
Analysts' ownership of any stock related to the information contained Financial Interest Analyst : Analyst's Relative : Yes / No Analyst's Associate/Firm : Yes/No	 No No No
Conflict of Interest	No
Receipt of Compensation	No
Way2Wealth ownership of any stock related to the information contained	NIL
Broking relationship with company covered	NIL
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