

Timken India Limited

COMPANY SNAPSHOT					
CMP	Initiation Price	Target	Potential Upside	Recommendation	MCap (Rsbn)
Rs530	Rs883	Rs1200	126%	BUY	Rs36

About the Company:

Timken India Limited (Timken) was incorporated in 1987 as Tata Timken Limited (TTL), a joint venture between Tata Iron and Steel Company (TISCO) and The Timken Company of USA, a world leader in tapered roller bearings. Both the companies held 40% stake in the Joint Venture, however in 1999, The Timken Company of USA acquired the stake from TISCO and changed the name of the company to Timken India Limited. Timken India Limited (Timken), subsidiary of Timken Company is a market leader in tapered roller bearings and components in India and holds the distinction of being the only indigenous manufacturer of freight application bearings for railways in the listed entity. It provides roller bearings which are used in locomotives, engines, wagons, passenger coaches and wheels. The manufacturing facility of the company is at Jamshedpur with the extended service footprint in Raipur.

Results Declared:

- The company has reported net sales of Rs4138mn as compared to Rs3102mn in the same quarter last year, growth of 33.4%.
- The Ebitda margins stood at 17% for the quarter.
- The net profits dropped by 7.2% to Rs346mn as compared to Rs373mn in the comparative quarter. This was mainly due to the drop in the operating margins coupled with the increase in the depreciation for the quarter.
- The EPS is Rs4.6

Financials:

Result Update (Q2FY2019)									
Q2FY19 Result (Rs mn)	Sept-18	Sept-17	y-o-y	June-17	q-o-q	H1FY19	H1FY18	y-o-y	FY19E
Total Income	4138	3102	33.4%	4178	(0.9%)	8316	6101	36.3%	16634
EBITDA	704	538	31.0%	627	12.3%	1332	965	37.9%	2562
Other Income	33	148	(78.0%)	17	97.6%	49	164	(70.1%)	98
Interest	6	4	62.9%	6	(8.1%)	12	6	101.7%	21
Depreciation	198	116	69.9%	170	16.5%	367	228	61.1%	684
Exceptional Items	-	-	-	-	-	-	-	-	-
Tax	188	194	(2.9%)	164	14.9%	351	304	15.5%	665
Net Profit	346	373	(7.2%)	305	13.5%	650	592	9.9%	1290

Outlook and Recommendations:

The company has reported tepid results for the quarter. However, we feel that the company should pick up in the H2FY19. We continue with our Buy recommendation on the stock with a target price of Rs1200 over a 12 months perspective.

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