



Timken India Limited

BUY

June 14, 2007

Current Price : Rs135  
Target Price : Rs170  
Upside : 25%

52 Week H/L :Rs168/Rs113  
Avg. Daily Vol. : 24051  
Market Cap. : Rs8.6bn  
BSE Code : 522113  
NSE Symbol : TIMKEN

Shareholding pattern

Share holder	Mar 2007
Promoters	80.02%
FII/MF	3.45%
FII	2.04%
Public & Others	14.49%

Company Profile

Timken India Limited (TIL) was incorporated in 1987 as Tata Timken Limited a joint venture between Tata Steel and The Timken Company, USA. Subsequently in 1999, The Timken Company bought over Tata Steel's stake. TIL is primarily engaged in manufacture, sale and export of antifriction bearings, components and related parts for a wide range of industry applications across the globe. The company is also engaged in import and purchase for resale and acts as a sales agent for the products manufactured by its parent The Timken Company, USA. Timken India uses cellular manufacturing, giving the plant flexibility to produce any part with a short lead time. TIL falls under The Timken Company's International Bearing Performance Audit program. Hence all bearings produced by Timken India Limited will be of the same quality as produced by any Timken unit worldwide. TIL became the first company in India to get QS 9000 3rd edition accreditation. The plant uses Marposs Auto Process Gauge Equipment and Allen Bradley controls in its manufacturing processes.

During CY06, TIL's revenues grew by 11% to Rs3.63bn and net profit grew by 10% to Rs346mn. In Q1CY07, sales grew by 1% yoy to Rs809mn and net profit grew by 26% to Rs100mn. OPM stood at 23%.

Key Triggers

- **Exploiting emerging high growth opportunities:** TIL plans to foray into aircraft maintenance and later on intends to get into manufacturing for the Indian defense sector.
- **Possibility of Buyback:** The Timken Company, USA currently holds over 80% in TIL. The emerging high growth prospects in the short as well as long term may propel parent to buyback its shares.
- **Moving Average Convergence:** The short and medium term moving averages on a daily and weekly basis have converged around the current price, preparing the stock for an up move.

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*Analyst holding in stock : Nil*