

Timken India Ltd. (TIL) – Likely delisting candidate...

Date	18 th July, 2012
NSE/BSE Code	TIMKEN/522113
Promoter's holding	80.02%
FV	Rs. 10
Equity Share Capital	Rs. 637.2 mn
Market Capitalization	Rs. 14,630 mn
52 week high/low	Rs. 269.15 (17 th April, 2012)/Rs.163 (19 th Dec, 2011)
CMP	Rs. 230
Target price	Rs. 320
Upside (%)	39

Investment Rationale

Timken India is a multinational company engaged in producing anti-friction bearings and bearing covers, which are largely supplied to the high-end industries like aerospace, automobiles and all core sector industries like power, oil and gas, road construction and engineering.

On June 4, 2010, the Union Finance Ministry came out with "Minimum Public Shareholding Guidelines", later (on August 9, 2010) revised.

PSUs are expected to maintain a minimum public shareholding of 10 per cent within three years. For the private sector, this is 25 per cent. That means that promoters of listed entities bring down their stake to below 75% by June 3, 2013. Companies can do so either by diluting or de-listing.

The most prominent candidates for the delisting will be MNC companies where promoter holding is more than 80%, have good fundamentals and have no further capital raising plan.

As per voices on the street, Timken India plans to delist itself and the open offer is expected in the range of Rs. 300-320 range for delisting purpose.

About Timken India Ltd.:

Timken India Limited was incorporated in 1987 as Tata Timken Limited (TTL), a joint venture between Tata Iron and Steel Company (TISCO) and The Timken Company, USA. It commenced commercial production at its Jamshedpur plant in March 1992. The Timken Company is a world leader in tapered roller bearings and a leading producer of quality alloy

steel. TISCO and TIMKEN each held 40% equity stake in the company and the public held the rest. In 1999, Timken acquired from Tata Steel its 40% stake in Tata Timken Limited. The Timken Company now holds 80% equity stake and the remaining 20% is owned by Indian Public. The name of the Company was changed to Timken India Limited on July 2, 1999. The company has sales offices in Kolkata, Delhi, Bangalore, Pune and Jamshedpur.

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