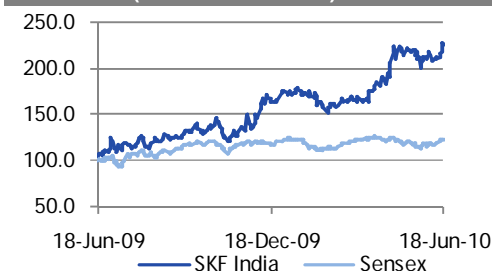


CMP Rs. 479

June 18, 2010

BSE Code	500472
BSE ID	SKF
High/Low 1Y (Rs.)	504 / 218
Avg. vol (3m)	38,688
Market Cap (Rs Cr)	2,526
Net IB Debt (Rs Cr)	(289)
Enterprise value(Rs Cr)	2,237

Shareholding %	Dec-09	Mar-10
Promoters	53.58	53.58
MFs/ Fis/ Banks	10.08	10.42
FII's	11.87	12.05
Public & Others	24.47	23.95

Stock Chart (Relative to Sensex)


Stock Perf.(%)	1M	6M	1Yr
Absolute	2.4	37.9	126.3
Rel. to Sensex	(1.7)	32.9	103.1

Financials (Rs.Cr)	12/07	12/08	12/09
Revenue	1,579	1,630	1,584
y-o-y	17.6%	3.3%	-2.8%
EBITDA	265	208	160
y-o-y	59.4%	-21.6%	-23.2%
PAT	161	128	94
EPS (Dil.)	30.5	24.2	17.9
y-o-y	58.0%	-20.7%	-26.1%
EBITDA Margin	16.8%	12.8%	10.1%
PAT Margin	10.2%	7.8%	5.9%
D/E(x)	0.00	0.00	0.00
P/E(x)	15.7x	19.8x	26.8x
EV/EBITDA(x)	8.4x	10.8x	14.0x
ROCE	43.0%	27.7%	18.3%
ROE	29.5%	19.8%	13.2%

Financial Year ends at December 31

Qtry Fin	06/09	09/09	12/09	03/10
Revenue	504	469	418	380
PAT	44	31	31	18
EPS	8.3	5.9	5.9	3.4

All figures in Rs. crores except for per share data

SKF India Limited
Company Overview

SKF India is a part of the AB SKF Group of Sweden, a global supplier of bearings and seals. The offerings of SKF India range from products, solutions and services in the areas comprising bearings, seals, mechatronics and lubrication systems. The company has a strong presence in the Rs.60 billion Indian bearing industry with a market share of nearly 30 per cent. The company supplies bearings for automotive and industrial applications. With more than 200 distributors across the country, the company has a wide reach, enabling access to its key user segments. Its manufacturing facilities are spread across various locations which are major automotive and industrial hubs. The company manufactures around 60 per cent of its total bearings' requirement indigenously, while the rest are imported.

Key Business Highlights
Leader in ball bearings industry in India

Ball bearings are the largest segment of India's bearings industry which accounts for nearly 60 per cent of the total industry output. SKF India commands a 41 per cent market share in the ball bearings market.

New facilities in key locations

SKF India has set up two new factories one in Haridwar, Uttarakhand, which is a major automotive hub in India and another in Ahmedabad, with a total investment of Rs. 450 crores. While the Haridwar plant will extensively supply to the automotive sector, especially the two wheeler industry, the Ahmedabad factory will provide inroads into the large size bearings market, which are used for industrial applications. On becoming fully operational, these facilities will result in nearly a 40-50 per cent capacity enhancement for the company.

Long-term supply contracts with Hero Honda and Suzlon

SKF has a five year contract with the largest two wheeler manufacturer - Hero Honda for supply of bearings from its Uttarakhand plant. The company also has a five and a half year contract with Suzlon Energy, worth Euro 303 million for supplying bearings for Suzlon's wind turbines. SKF India will also provide services such as grease, customized housing, generator bearing and reliability services to Suzlon.

Strong balance sheet

With negligible debt and cash & cash equivalents amounting to Rs. 289.3 crores as on December 31, 2009, SKF India's balance sheet strength is attractive relative to its peer group.

Key Risks

- Rising commodity prices may put downward pressure on margins
- Increasing presence of imported spurious products may pose threat to market share
- Better product quality, improved road infrastructure, prohibition on vehicle overloading will gradually impact aftermarket sales

Valuations

The stock is currently trading at a P/E multiple of 20.5x on its LTM EPS of Rs. 23.4 and 11x EV/EBITDA multiple based on LTM EBITDA of Rs.203 crores.