



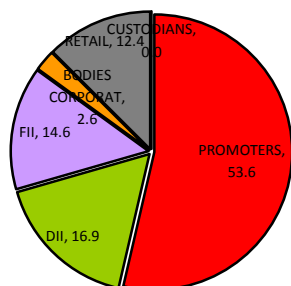
## SKF India Ltd

BSE code	500472
NSE code	SKFINDIA
Bloomberg code	SKF IN
Current price	715
Target Price	
MCap Rs bn	35.78
MCap US\$ mn	729.85
52 WK H/L	699.95 / 535.45
Face value	10
2 WAv vol ('000)	26.32

## Financial Snapshot

Rs Mn	FY 09	FY 10	FY 11
Sales	15709.3	20684.1	24167.2
% Ch	-3.47	31.67	16.84
OPM	8.76	11.39	10.91
PAT	1045.1	1745.4	2088.7
% Ch	-18.31	67.01	19.67
EPS	17.2	32.41	38.32
PER	21.65	16.92	15.34
BV	135.55	160.95	191.78
P/BV	2.75	3.41	3.07
EV / EBIDTA	15.37	12.38	11.84

## Share holding pattern



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SKF India, a part of the global SKF group has given a break out from an inverted head and shoulder pattern at Rs697. The stock is currently trading at Rs715. The break out is a significant move up above a resistance it has faced for over a 6 month period. We believe the stock would make a move up of over Rs100 in the short term and we give a BUY call with a price target of Rs.820.

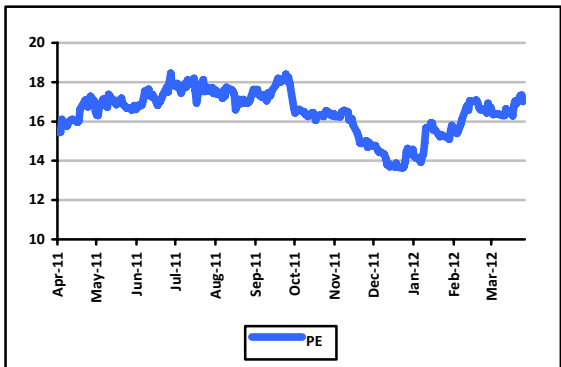
SKF India is a debt free company generating strong cash flows. It registered a profit of Rs2bn in CY11 which has been a growth of 20% over the previous year. The company has been steadily increasing its production capacity through internal accruals. We believe they would be able to post a relatively strong profit in FY13 as well as the auto sector is continuing to show strong growth.

At the current price the stock is trading at a P/E multiple of 15.34x CY11x which is not expensive given its current growth rate and being a debt free company.

## SKF India Daily Chart Breakout at Rs697



PE Ratios



SKF India Weekly Chart



## Financials

### Profit & Loss

In Rs million	FY 09	FY 10	FY 11
Net sales	15709.3	20684.1	24167.2
YoY (%)	-3.47	31.67	16.84
Total expenses	14168.2	18526.3	21468.6
EBIDTA	1465.6	2506.2	2807
YoY (%)	-25.89	71.00	12.00
EBIDTA (%)	9.33	12.12	11.61
Other income	262.8	495.5	723.9
PBIDT	1728.4	3001.7	3530.9
Depreciation	289.8	333.4	385.2
PBIT	1438.6	2668.3	3145.7
Interest	7.6	7.6	6.5
PBT	1431	2660.7	3139.2
Tax	488.5	890.5	1054.3
Tax/ PBT	34.14	33.47	33.58
PAT	942.5	1770.2	2084.9
Extra-ordinary	-102.6	24.8	-3.8
Net Profit	1045.1	1745.4	2088.7
YoY (%)	-18.31	67.01	19.67

### Cash Flow

In Rs million	FY 09	FY 10	FY 11
Net profit	1431	2660.7	3139.2
Depn and w/o	289.8	333.4	385.2
Deferred tax			
Change in wrkg cap	1245.9	-835.3	-642.4
Other income	-144.5	-223.3	-333.6
Operating cash flow	2274.9	1146.9	1515.6
Other income	2740	2068.4	2332.2
Capex	-465.1	-921.5	-816.6
Investments	0	0	0
Investing cash flow	-1036.6	-1651.8	-954.8
Dividend	-276	-246.3	-429.1
Equity	0	0	0
Debt	-0.5	-0.9	-0.1
Financing cash flow	-272.1	-254.8	-435.7
Others			
Net change in cash	966.2	-759.7	125.1

### Disclaimer

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### Balance Sheet

In Rs million	FY 09	FY 10	FY 11
Equity capital	527.3	527.3	527.3
Reserves	6620	7959.8	9585.1
Net worth	7147.3	8487.1	10112.4
Total borrowings	1	0.1	0
Deferred tax	113.5	152.2	155.3
Total liabilities	7261.8	8639.4	10267.7
Net block	2016.7	2833.9	3183.9
CWIP	551	359.1	434.9
Investments	0	0	0
Current assets	8235.8	9654	11461.5
Inventories	1820.4	2417.2	2727.8
Debtors	2162.9	2711.1	3721.2
Cash	2892.6	2119.1	2244.4
Loans and advances	1359.9	2406.6	2768.1
Current liabilities	3026	3369.8	3908.7
Provisions	637.6	960	1043.2
Net current assets	4572.2	5324.2	6509.6
Misc expenses	121.9	122.2	139.3
Total assets	7261.8	8639.4	10267.7

### Key Ratios

In Rs million	FY 09	FY 10	FY 11
EPS (Rs)	17.2	32.41	38.32
CEPS (Rs)	22.69	38.73	45.63
Book value (Rs)	135.55	160.95	191.78
DPS (Rs)	4	7	7.5
Debt-equity (x)	0	0	0
ROCE	23.53	34.13	33.83
ROE	15.37	22.64	22.42
<b>Valuations</b>			
PE (x)	21.65	16.92	15.34
Cash PE (x)	16.41	14.16	12.89
Price/book value (x)	2.75	3.41	3.07
Dividend yield			
Market cap/sales	1.18	1.32	1.21
EV/sales (x)	1.07	1.3	1.19
EV/EBDITA (x)	11.43	10.69	10.25

