



SKF India Limited

# Analyst Meet

May 22, 2012

Knowledge engineering for a better tomorrow.



Business excellence



People



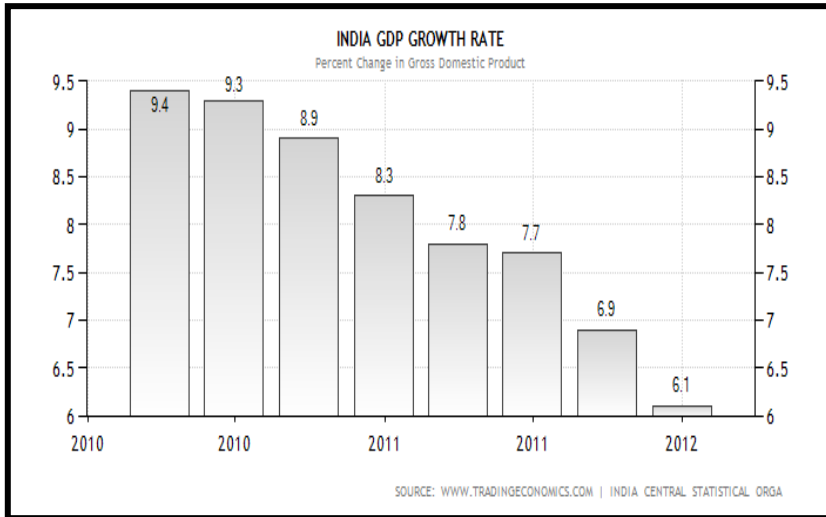
Innovation



Reach

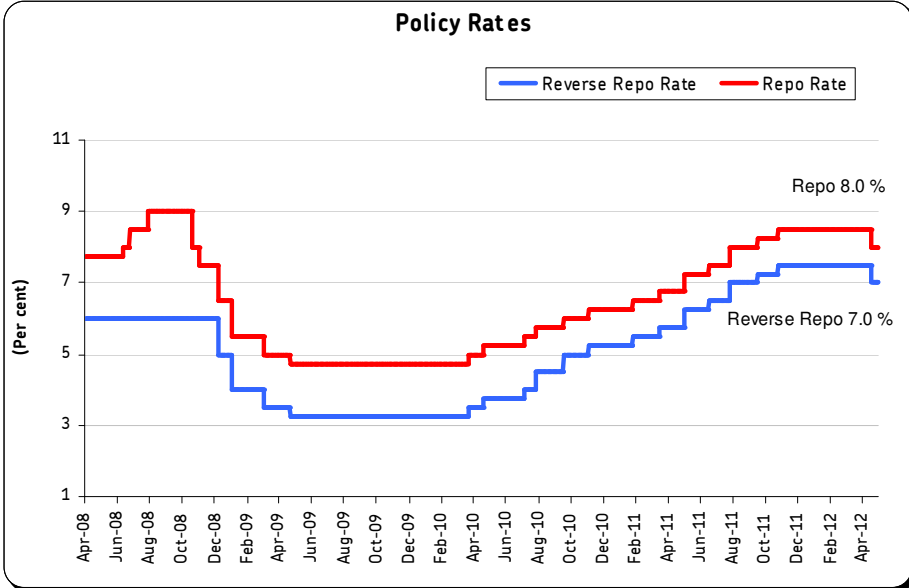
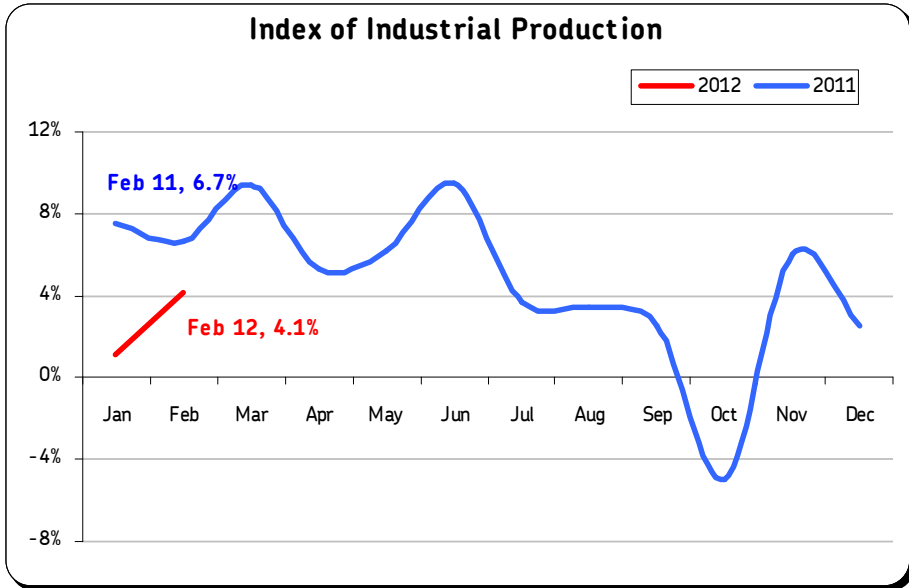
Economy

# Economy



- Uncertain environment leads to continued pessimism in business community
- Different sectors are experiencing different growth challenges
- Sharp depreciation in Rupee

# IIP and Interest rates



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## IIP: Use-based Classification

IIP Use-based Classification	February		YTD (Jan-Feb)	
	2011	2012	2011	2012
IIP	6.7%	4.1%	7.1%	2.6%
Basic Goods	5.5%	7.5%	6.7%	4.6%
Capital Goods	-5.7%	10.6%	-0.2%	4.1%
Intermediate Goods	6.3%	-0.6%	6.8%	-1.7%
Consumer Goods	13.4%	-0.2%	10.8%	1.3%
Consumer Durable	18.2%	-6.7%	15.3%	-6.9%
Consumer Non-durable	9.7%	5.1%	7.3%	8.0%

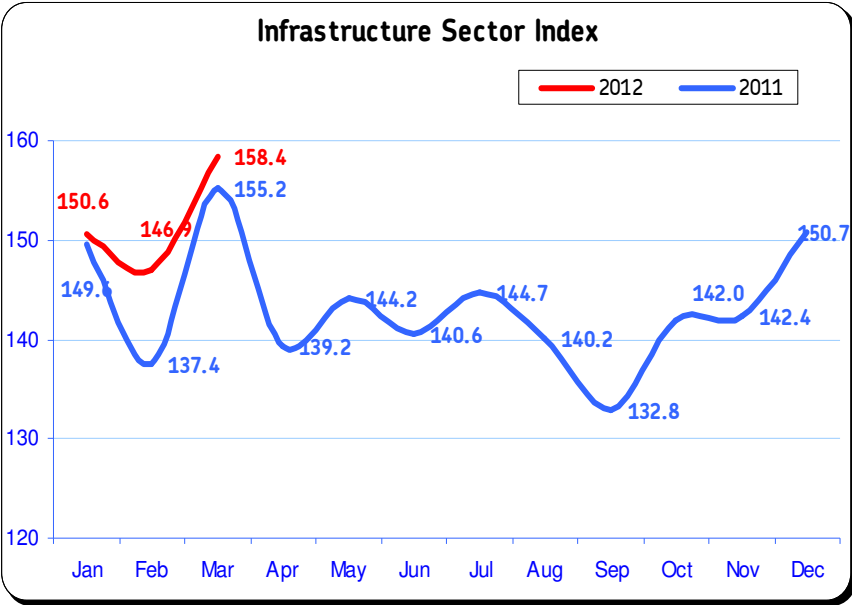
## IIP: Sectoral Classification

IIP Sector-wise growth rates	February		YTD (Jan-Feb)	
	2011	2012	2011	2012
IIP	6.7%	4.1%	7.1%	2.6%
Mining	1.2%	2.1%	1.4%	-0.2%
Manufacturing	7.5%	4.0%	7.8%	2.7%
Electricity	6.8%	8.0%	8.7%	5.5%

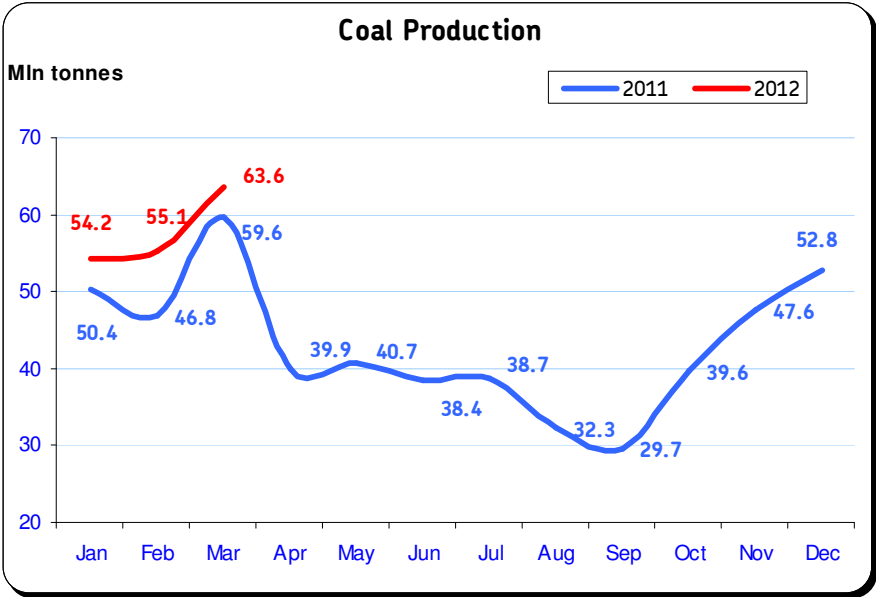


# Core industries

Core Industries Index: 2004-05=100

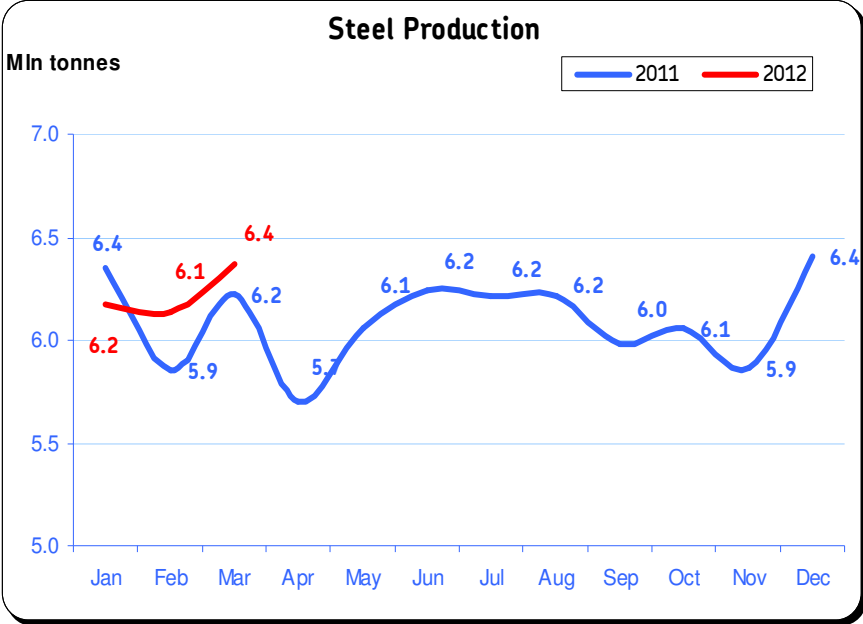


Coal Production: Million Tonnes

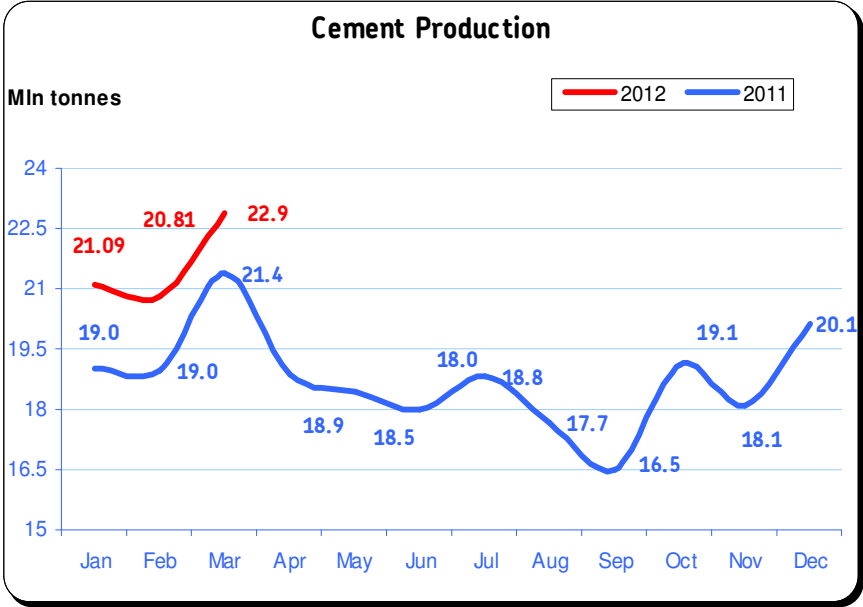


# Core industries

Steel Production: Million Tonnes

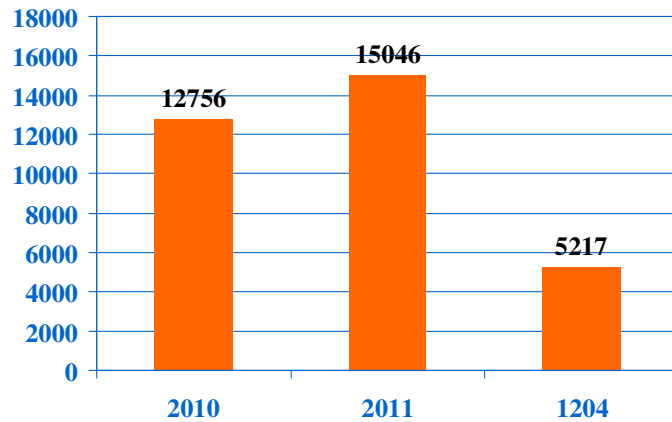


Cement Production: Million Tonnes



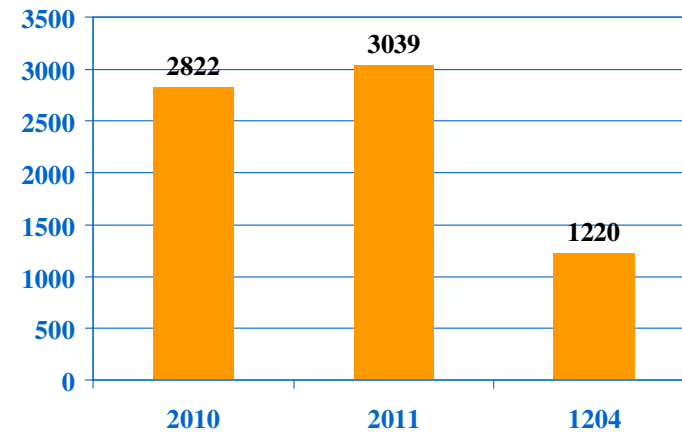
# Automotive Production

### Two Wheeler (Scooters, Mcycles, mopeds)

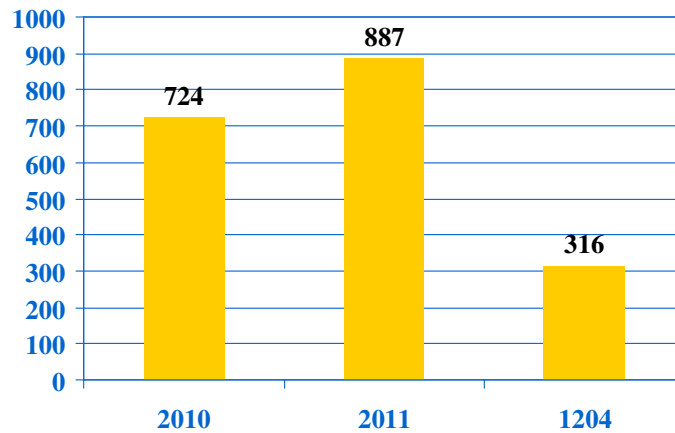


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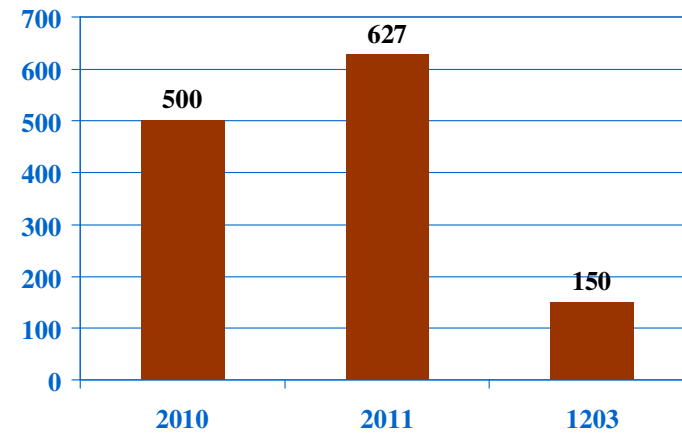
### Passenger Vehicles (Passenger and utility veh)



### Commercial Vehicle (M & HCV, LCVs)



### Tractors



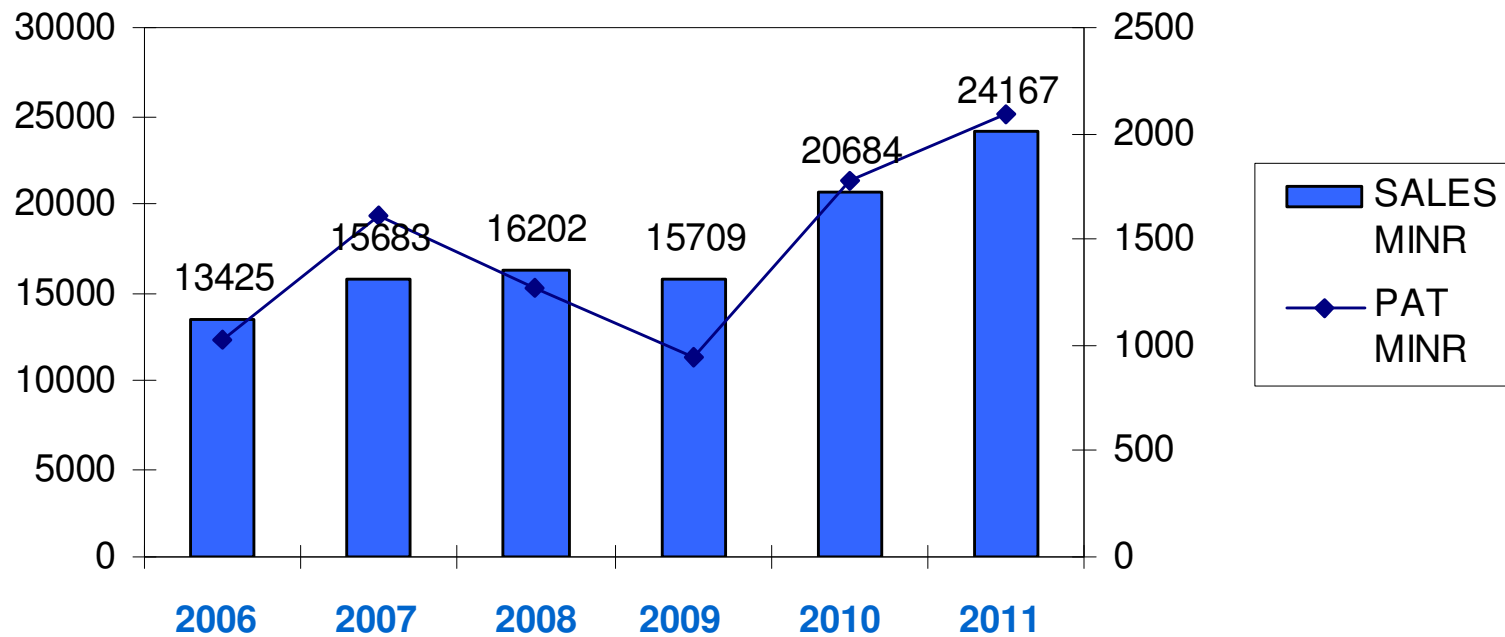
SKF India

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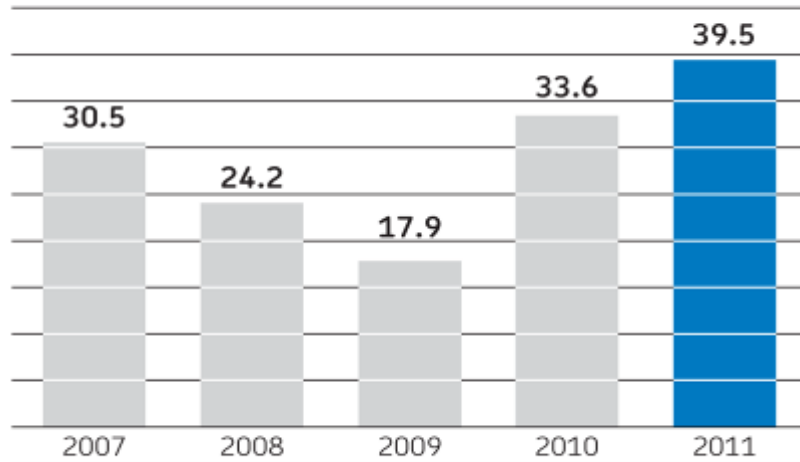
# SKF India Sales Development

## Sales and Profit Development

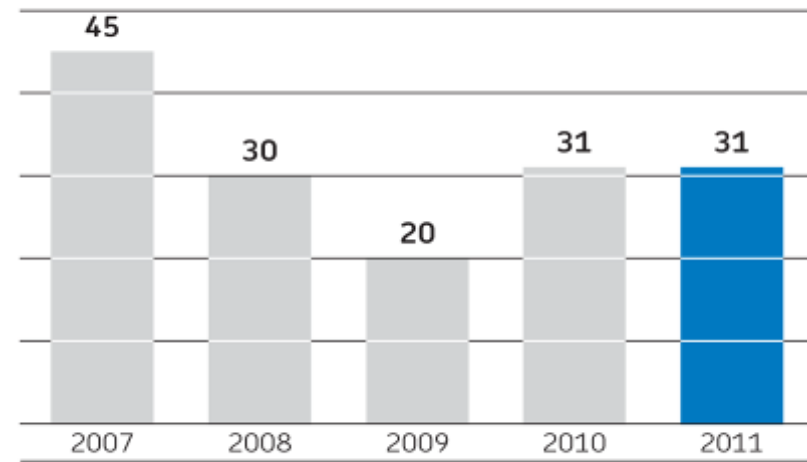


# EPS, ROCE, RONW, Dividend

### Earning per share (₹)

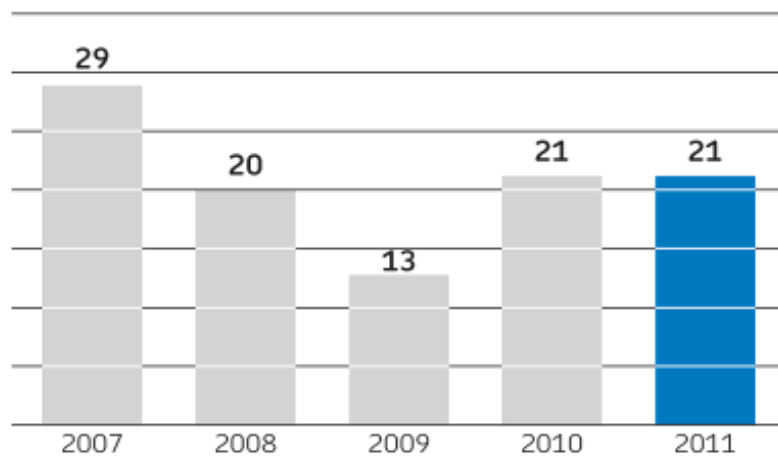


### ROCE (%)



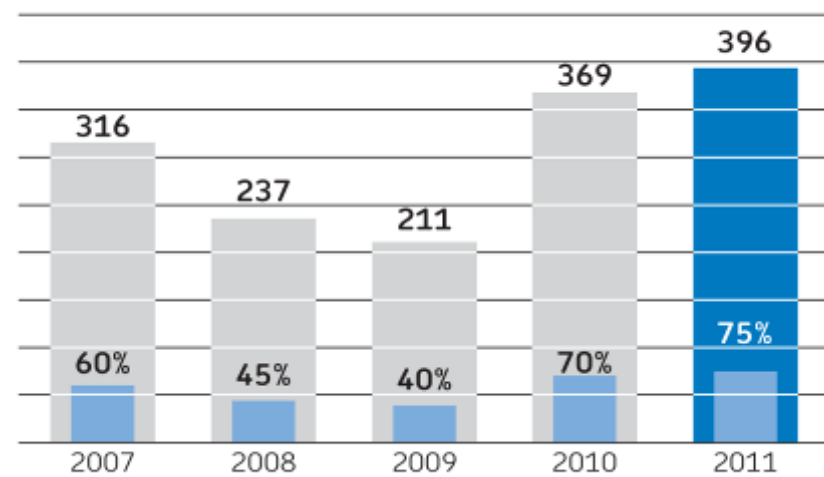
ROCE = Profit before Tax / Capital Employed

### RONW (%)



RONW = Profit after Tax / Shareholders' Funds

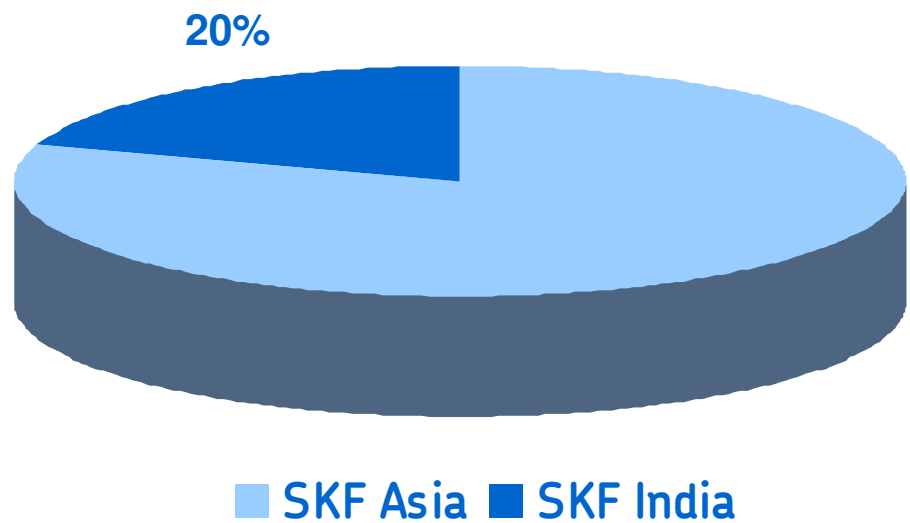
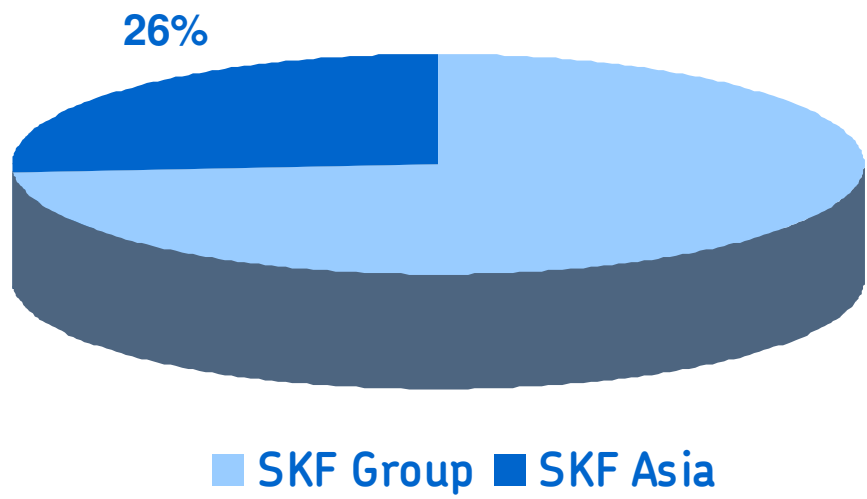
### Dividend (₹ in million)



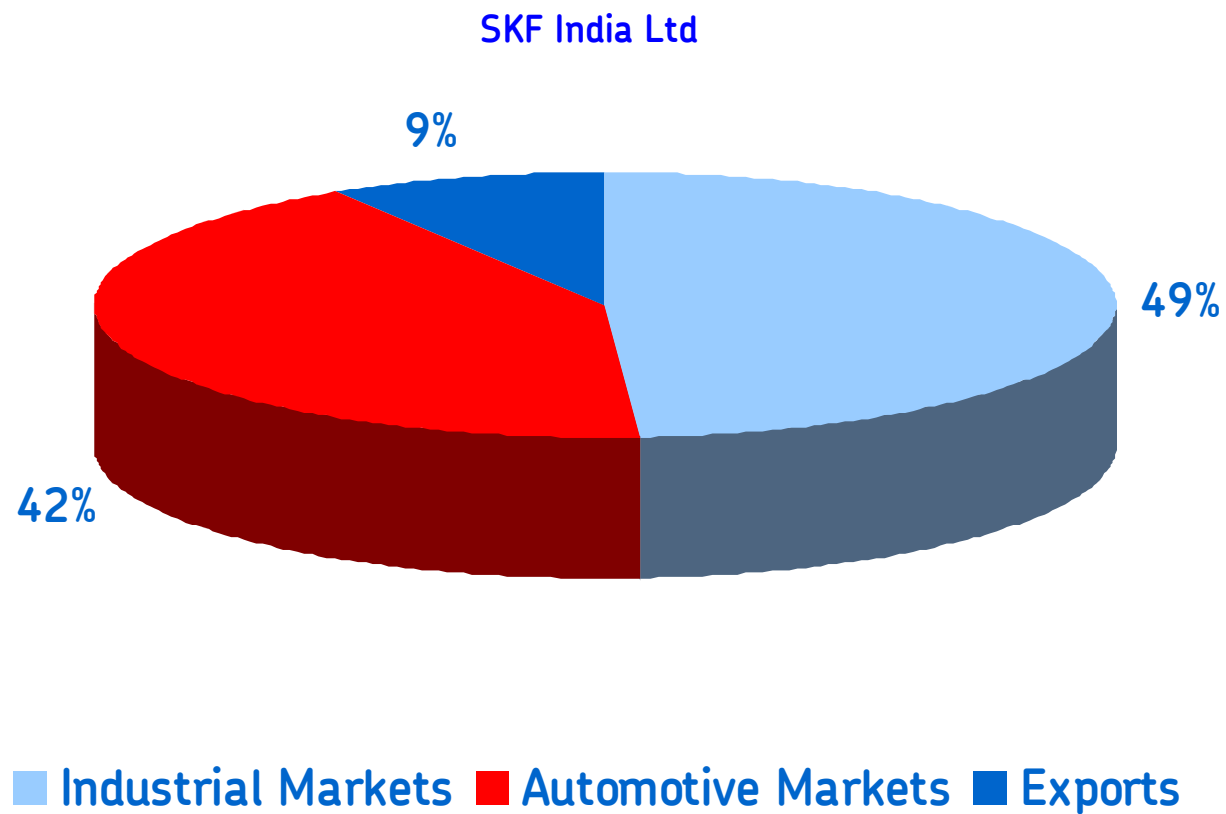
# Q1 2012

MINR	Q1 2012	Q1 2011	Q1 2012 VS Q1 2011
Net sales	5804	6281	- 8%
Operating profit	889	828	+ 7%
Operating margin	15.3%	13.2%	
Profit before taxes	994	910	+ 9%
Net profit	660	610	+ 8%
Basic earnings per share, Rs	12.5	11.6	

# Share of Revenues



# Sales break up



# Key customers we cater



## Automotive



## Heavy Industry



## Energy



## Industrial Machinery



## Oil & Gas



## Food & Beverage



# New businesses

## Strategic partnerships with emerging segments

- New businesses generated in the wind and solar segment
- Winning partnerships formed with off highway customers



## Innovative solutions to winning customers

- Cabin tilt application for major Indian HCV manufacturer
- Wheel and transmission applications for major Indian small car manufacturer
- New market offer developed & introduced for wheel end application of small cars
- Multi-platform solution offered to Indian Railways combining bearings and seals



# Road ahead: Strategic Imperatives



SKF Six Sigma



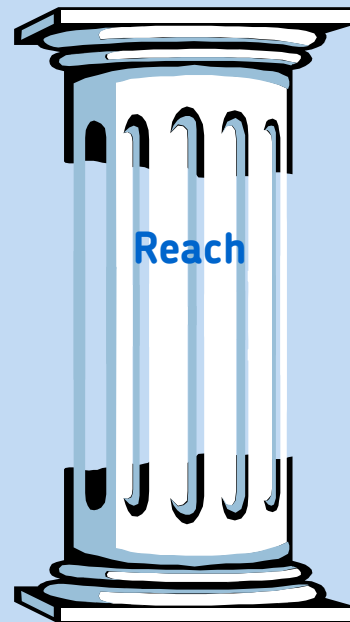
## Grow ahead of market growth



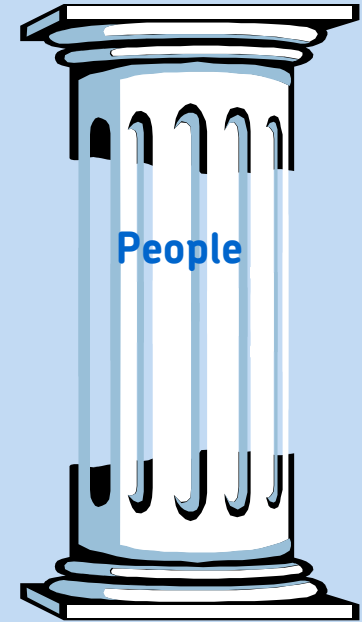
**Business  
Excellence**



**Innovation**



**Reach**



**People**



Business Excellence

**SKF**<sup>®</sup>

# It all begins...with focus on the customer!



- Delivering value to our customers in the most effective and efficient way
- Involved development with customers and suppliers to deliver excellence

Innovation

**SKF**®

# Innovative solutions across verticals

- Delivered superior steering column bearing to global leading manufacturer of motorbikes / scooters
- Assembled Pinion Pack developed for the First time in India for India's HCV manufacturer
- Innovated one way clutch for large Indian two wheeler manufacturer
- Customized the slewing bearing for Enercon's windmill rotation applications
- Joint development of energy efficient motors with leading manufacturer, exporter and supplier of electric motors & pumps
- Roll shop management with leading players in metals segment
- Remanufacturing of bearing for major players in cement segment



# StopGo – For an efficient future

## Challenge

- Develop energy efficient two wheelers in heavy traffic conditions

## Solution

- An integrated unit that uses intelligent logic to allow engines to stop in heavy traffic and re-start automatically
- StopGo performs a 3 in 1 function; speed sensing, wheel bearing and automatic start stop system

## Benefit to Customer

- Cuts fuel consumption and reduces CO2 emission proportionally



# Global Technical Centre, India

~ 400 engineers by 2015

Global capabilities to offer such as:








- Product Development
- Engineering Services
- Testing
- Field usage evaluations
- Global metallurgy and chemistry laboratory
- Manufacturing process development and support

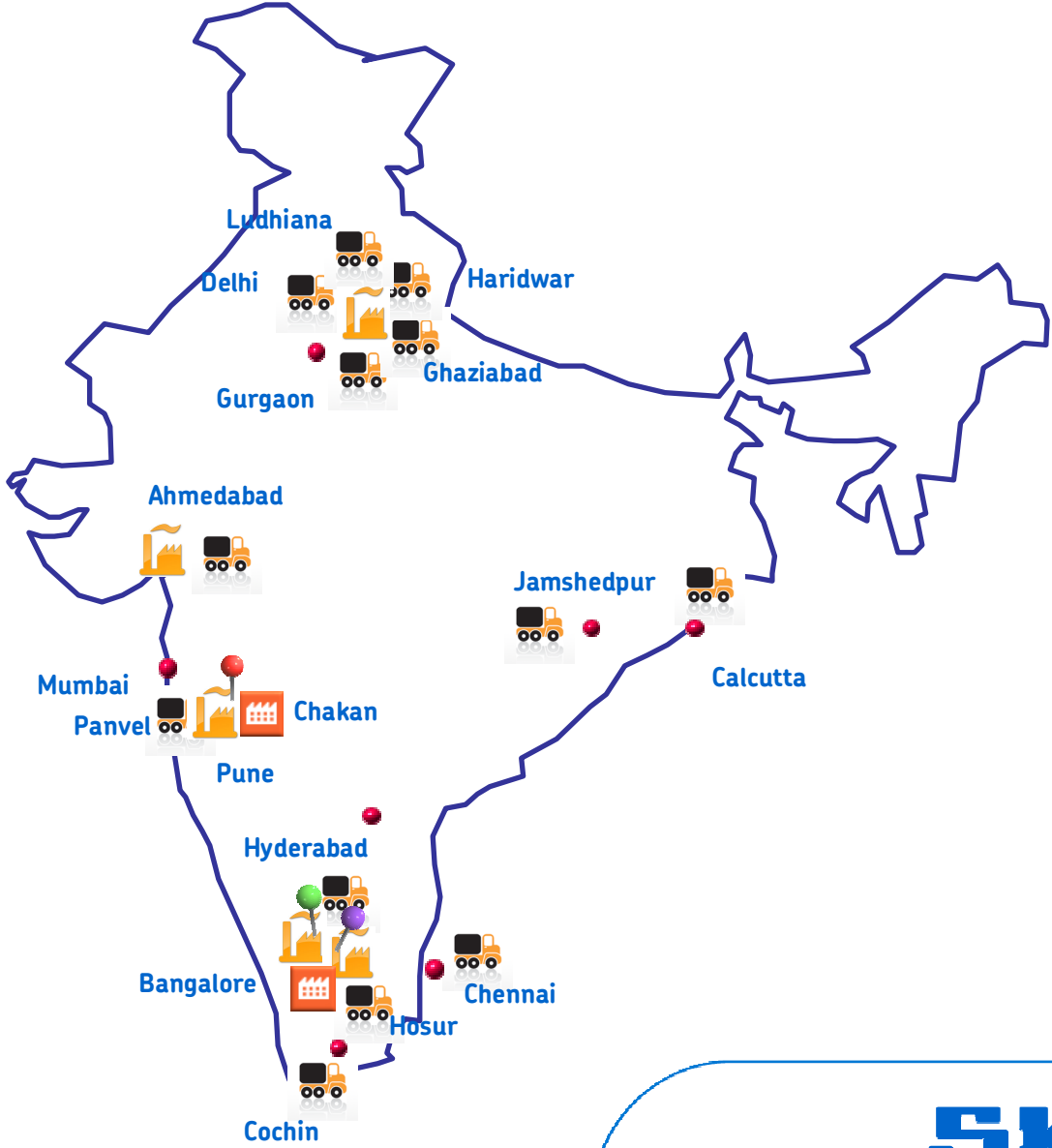
*Awarded by Maruti for efforts in stepping up local R&D center*



Reach

# SKF India Footprint

	Factory
	Factory Warehouse
	Distribution Center
	A D C
	Solution Factory
	GTC I
	Office





# Reach

- Focus on coverage across platforms
- Decongestion of metros by adding distributors along the industrial belts
- Focus on tier II & III cities by stepping up distribution networks (IPS & Dealers)
- Acquire reach through inorganic route for other platform



SKF Care

**SKF**<sup>®</sup>

# What peers say about us?

Named among the top 50 most admired company in India

- Ranked 1st in Engineering & Capital goods category
- Ranked 3rd in Auto Components category

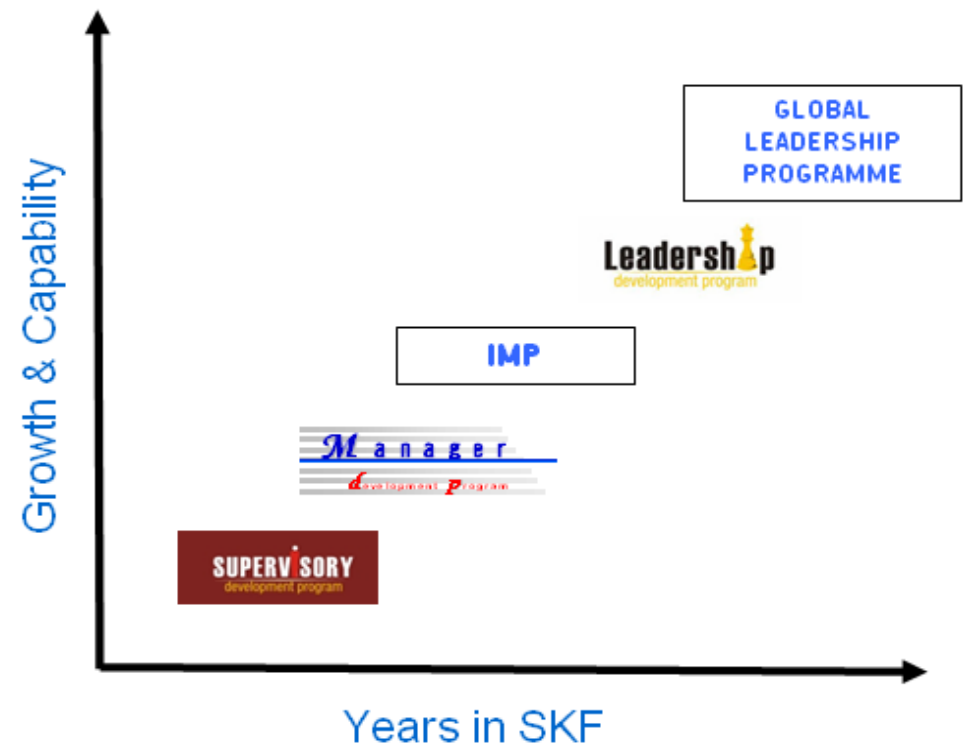
## Parameters

- Endurance
- Corporate Governance
- Leadership
- Innovation
- Financial soundness
- Talent management
- Product and Service Quality
- Performance and Investment value
- Corporate Social Responsibility



# People care

- Engaged employees
- “High Performance” culture
- Grow Leaders from within
- Be among the “Best places to work for”



# Community care

## *SKF Care Principle -*

- *Creating Positive change in the life of the communities we touch*
- *Meaningful difference for the recipient*
  - SKF Sports Academy has inducted its second batch after the first batch of players graduated
  - Last year, boys' football team visited Sweden to participate in Gothia cup and this year another team will go
  - Continued engagement with Non Government Organizations (NGO's) Udyogdham and Nachiket Balgram



# SKF India Limited

Prior to 2007

Pune



Bangalore



2010

Haridwar



Pune  
Solution Factory



2011

Bangalore



Brownfield  
expansion

2012

Pune



Brownfield expansion

Haridwar



Brownfield expansion

Economos  
seals

# Recognition

2011	2010	2009	2008	2007
<i>Ranked first in Engg &amp; Capital goods and third in Auto Components by Fortune magazine in India's Most Admired Company's list</i>	<i>Dun &amp; Bradstreet Award : Top Indian Company Bearings Sector</i>	<i>Dun &amp; Bradstreet Award : Top Indian Company Bearings Sector</i>	<i>Dun &amp; Bradstreet Award : Top Indian Company Bearings Sector</i>	<i>Dun &amp; Bradstreet Award : Top Indian Company Bearings Sector</i>
<i>CII National Level Award for • Best Six Sigma project • Best kaizen project</i>	<i>EEPC Award – Western region star exports performer</i>	<i>Lean Manufacturing Award' under Six Sigma</i>	<i>SKF Sports Academy Girls Hockey Team the most Promising Team at 106th Aga Khan Hockey Tournament.</i>	<i>CNBC Asia's Talent Management Award 2007</i>
<i>Tata Steel awards SKF for “ Best Quality &amp; Services’ and ‘Improvement Orientation’ vendor</i>	<i>CII – 4th National conference &amp; competition on Six Sigma</i>	<i>Award for sustainable growth through Six Sigma by Confederation of Indian Industries (CII)</i>		<i>Auto Monitor Award for Green Manufacturer of the Year.'</i>
	<i>Best Kaizen Award at CII National conference , Sona kaizen Award for 2010</i>	<i>Best Kaizen Award received from Toyota on Commitment on Quality to Customers</i>		<i>“Autofit Rolling Trophy” at the 4th National Convention on Six Sigma organized by Confederation of Indian Industries (CII).</i>



Confederation of Indian Industry



# Key Focus Area



- Focus on profitable growth
- Focus on Cash Flow



- Manage currency and material headwinds

- Growth with winning customers and segments
- Strengthening supply chain



- Drive innovation through R&D (Local & Global)
- Business excellence and competence development



- Robust distribution network with closer customer proximity





**SKF**

