investor's eye

Index

Take Five

Scrip	Reco Date	Reco Price	CMP	Target
HLL	24-Nov-05	172	**208**	280
ICICI Bank	23-Dec-03	284	**897**	1,240
JP Associates	30-Dec-03	125	**571**	850
Maruti	23-Dec-03	360	**768**	1,050
Sun Pharma	24-Dec-03	302	**1,151**	1,341

Sharekhan Special

Q4FY2007 Media earnings preview

Industry

- The fourth quarter is the best quarter for the media industry as corporates exhaust their remaining ad budgets in this quarter.
- For the news channels, specifically the business news channels, the Union Budget is the major event that takes place in the fourth quarter, bringing in more ad revenues.
- The *ICC Cricket World Cup West Indies 2007* was seen as a major event that was expected to affect the revenues of the general entertainment channels (GECs) but India's early exit is believed to have negated this to a certain extent.
- This was the first quarter of the roll-out of the conditional access system (CAS) in parts of Mumbai, Delhi and Kolkata. While 1.63 million cable homes fall under these CAS mandated zones, about 29% were estimated to have opted for set top boxes (STBs) till February 15, 2007 (source: FICCI- PWC Frames-2007).
- The penetration of CAS is expected to improve over a period of time with better subscriber awareness, the availability of STBs and its implementation in the other cities. CAS also provides an opportunity to alternative digital distribution platforms such as direct-to-home (DTH) and Internet Protocol TV to expand faster. We expect CAS to bring in transparency and curb under-reporting of subscriber base, thereby improving the profitability of broadcasters and MSOs.

Companies under coverage

- **TV18:** We expect Television Eighteen (TV18) to post a robust growth of 47.7% in revenues to Rs79 crore and a net profit growth of 35.3% to Rs25 crore. However, the numbers are not strictly comparable on a year-on-year (y-o-y) basis due to the inclusion of *Awaaz* in the consolidated financials. The bottom line growth would apparently seem low as compared to the top line growth due to the significantly lower margins of *Awaaz*. On a quarter-on-quarter basis we expect the revenues to grow by 22% and the net profit to increase by a strong 30.9% with increased contribution from *Awaaz* and a trend of higher revenues in Q4. In March 2007, Web-18 (an 85% subsidiary of TV18) acquired a majority stake in Bigtree Entertainment, the industry leader in movie and entertainment ticketing.
- **NDTV:** We expect New Delhi Television (NDTV) to report a 20.2% y-o-y growth in its revenues to Rs84 crore. However, the net profit (prior to the amortisation of the employee stock options) is expected to record a growth of 8.7% to Rs11.1 crore. NDTV marched ahead with funding arrangements for its new Hindi GEC and put the top management in place by roping in Sameer Nair of ex-STAR India to head the venture.
- **Saregama India:** We expect Saregama India to post a 7.5% y-o-y revenue growth to Rs.31.7 crore; however the net profit is expected to more than double (grow by 110.2%) to Rs3.5 crore as the business model inclines more towards the high-margin licence fee income. Sales of cassettes/CDs/home videos are expected to fall by 14.7% yoy to Rs21.4 crore and the licence fee income is expected to jump by 135.2% yoy. Thus the overall margin is expected to jump from 1.7% to 14.4% yoy.

Sharekhan estimates

(Rs crore)	Net sales			PAT		
	Q4FY07E	Q4FY06	% change	Q4FY07E	Q4FY06	% change
TV18*	79.0	53.5	47.7	25.0	18.5	35.3
NDTV#	84.0	69.9	20.2	11.1	10.3	8.7
Saregama India	31.7	29.5	7.5	3.5	1.7	110.2

* Pre-cost of stock options, numbers not comparable yoy due to inclusion of CNBC - Awaaz.
# Pre-cost of stock options

Genus Overseas Electronics

Ugly Duckling

Stock Update

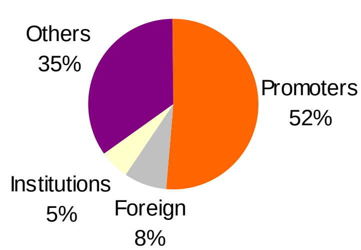
Price target revised to Rs380

Buy; CMP: Rs293

Company details

Price target:	Rs380
Market cap:	Rs318 cr
52 week high/low:	Rs309/146
NSE volume: (No of shares)	34,500
BSE code:	530343
NSE code:	GENUSOVERE
Sharekhan code:	GENUSOVER
Free float: (No of shares)	0.5 cr

Shareholding pattern



Price chart

Price performance

(%)	1m	3m	6m	12m
Absolute	7.4	11.6	22.3	29.0
Relative to Sensex	-2.1	15.6	15.3	7.7

Result highlights

- The Q4FY2007 results of Genus Overseas are ahead of our expectations.
- The net sales for the quarter grew by 35% to Rs152 crore on the back of a strong order book of Rs470 crore at the end of previous quarter. The net profit grew by 58% to Rs12.7 crore.
- The operating profit for the quarter grew by 55% to Rs19.9 crore. The operating profit margin (OPM) for the quarter improved by 170 basis points to 13.1% as against 11.4% on a year-on-year (y-o-y) basis as the raw material cost as a percentage of sales declined to 73.1% from 77.2%.
- The interest expense for the quarter rose by 34% while the depreciation cost declined by 33% to Rs0.67 crore.
- The order book of the company stood at Rs403 crore (including export orders worth Rs15 crore) at the end of March 2007.

The demand for meters is soaring on the back of the government's aim of providing power for all by 2012 as well as the focus on 100% metering and replacement of old mechanical meters with electronic energy meters (EEMs). Genus Overseas Electronics is a leading manufacturer of tamper-proof EEMs and to cater to the growing demand for EEMs, the company has expanded its manufacturing capacity by setting up a new plant for EEMs in the tax-free zone at Uttranchal.

Revenues and profit growth ahead of expectations

The 35% growth in the net sales and the 58% growth in the profits in Q4 are ahead of our estimates. Consequently the fully diluted earnings per share (EPS) for FY2007 stood at Rs23.1, which is around 22.4% more than our expectations. We believe the company will be able to sustain the current momentum as the demand for electronic meters is on the rise and will further receive a boost due to the huge power capacity addition programme of the government.

Result table Rs (cr)

Particulars	Q4FY07	Q4FY06	% yoy chg	FY2007	FY2006	% yoy chg
Net sales	152.0	112.2	35.5	365.2	212.8	71.6
Total expenditure	132.1	99.4	32.9	312.6	184.6	69.4
Operating profit	19.9	12.8	55.3	52.5	28.3	85.9
Other income	0.2	0.3	-26.9	1.4	0.7	89.2
EBIDTA	20.1	13.1	53.6	53.9	29.0	86.0
Interest	3.9	2.9	34.0	15.6	7.5	107.7
Depreciation	0.7	1.0	-32.7	4.5	4.2	8.1
PBT	15.6	9.2	69.2	33.8	17.3	95.4
Tax	2.9	1.2	145.8	5.6	2.0	184.6
PAT	12.7	8.0	57.9	28.2	15.3	84.1
EPS	10.4	6.6	57.9	23.1	12.6	84.1
Margins						
OPM (%)	13.1	11.4		14.4	13.3	
PATM (%)	8.3	7.1		7.7	7.2	

Change of name of the company

The name of the company has been changed from "Genus Overseas Electronics Ltd" to "Genus Power Infrastructures Ltd" wef March 31, 2007 to suitably reflect the business operations of the company.

Strong order book

The order book of the company stood at Rs403 crore (including export orders worth Rs15 crore) at the end of March 2007. The order flow is expected to remain robust as the government's mission of "Power to all by 2012" with the focus on 100% meeting and replacement of old mechanical meters with electronic energy meters fueling the growth.

Commercial production commences at Uttranchal plant

To cater to the growing need of electronic energy meters, the company has set up a new manufacturing plant in the tax-free zone at Uttranachal. The commercial production from the plant has started and is expected to contribute around Rs150 crore to the top line of the company on a full year basis.

Contribution from Mobix JV is expected from Q4FY08

To capture the huge growth opportunities in the overseas markets and also as a de-risking strategy, the company has entered into a 50:50 joint venture with Mobix Wireless Solutions Ltd, a leading Brazilian company in communications technology. The land for the plant has already been acquired and the orders for equipments have been placed. We expect the production to commence from Q4FY2008.

Revision of estimates and price target

Considering the strong order book position and the start of commercial production of the Uttranchal plant, we are upgrading our FY2008 estimates by 9.3%. Hence our EPS estimate for FY2008 now stands at Rs31.7 as against Rs29.0 earlier. Consequently we are revising our price target to Rs380 at which the stock will trade at 12x its FY2008E earnings.

Valuation and view

At the current market price of Rs293, the stock is quoting at 9.2x its FY2008E EPS and 5.4x its FY2008E enterprise value/earnings before interest, depreciation, tax and amortisation. The stock is trading at a discount to its peers and considering the strong order book position of the company and a better demand scenario for electronic meters, the discount seems unjustified. We maintain our Buy recommendation on the stock with a revised price target of Rs380.

Key financials

Particulars	FY04	FY05	FY06	FY07E	FY08E
Net sales (Rs cr)	79.4	131.7	212.8	365.2	494.0
Net profit (Rs cr)	3.1	7.4	14.8	28.2	38.6
% y-o-y growth	*4.0*	*141.0*	*101.0*	*90.0*	*37.0*
Shares in issue (cr)	1.01	1.01	1.01	1.22	1.22
EPS (Rs)	3.0	7.3	14.7	23.2	31.7
% y-o-y growth	*4.0*	*141.0*	*101.0*	*90.0*	*37.0*
PER (x)	96.7	40.1	20.6	12.7	9.2
Book value (Rs)	17.5	23.1	39.1	83.1	113.3
P/BV (Rs)	16.8	12.7	7.5	3.5	2.6
EV/EBIDTA (x)	31.3	21.5	13.4	7.7	5.4
Dividend yield (%)	0.4	0.5	0.5	0.5	0.5
RoCE (%)	18.5	21.4	23.3	24.9	25.0
RoNW (%)	17.3	31.6	36.4	27.9	28.0

The author doesn't hold any investment in any of the companies mentioned in the article.

HCL Technologies

Apple Green

Stock Update

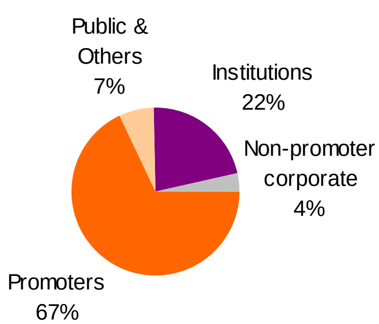
Price target revised to Rs425

Buy; CMP: Rs316

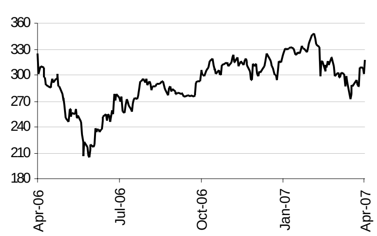
Company details

Price target:	Rs425
Market cap:	Rs20,734 cr
52 week high/low:	Rs358/271
NSE volume: (No of shares)	5.0 lakh
BSE code:	532281
NSE code:	HCLTECH
Sharekhan code:	HCLTECH
Free float: (No of shares)	10.5 cr

Shareholding pattern



Price chart



Price performance

(%)	1m	3m	6m	12m
Absolute	1.0	-5.9	1.1	-2.0
Relative to Sensex	-7.9	-2.6	-4.7	-18.2

Result highlights

- HCL Technologies (HCL Tech) has reported a revenue growth of 7.6% quarter on quarter (qoq) and 39% year on year (yoy) to Rs1,577.1 crore for the third quarter ended March 2007. This is the third consecutive quarter of close to double-digit sequential growth in revenues (a 9.4% growth in dollar terms) which is far ahead of street expectations. The sequential growth was contributed by a 16.4% growth in the business process outsourcing (BPO) revenues. On the other hand, the infrastructure management service (IMS) and core software service businesses grew at a relatively lower rate of 6.4% and 6.5% respectively, on a sequential basis.
- The earnings before interest, tax, depreciation and amortisation (EBITDA) margin improved by 115 basis points to 23.3% on a sequential basis, despite the adverse impact of the steep appreciation of the rupee (1.6% appreciation in the average realised exchange rate against the US Dollar). The sequential improvement in the margin was largely aided by the cumulative impact of better realisations (including non-effort based gains), higher utilisation (especially in the BPO business) and a 70-basis-point saving in the selling, general and administration (SG&A) cost as a percentage of sales.
- In terms of segments, the EBITDA margin in all the three business lines improved on a sequential basis. The BPO business reported second consecutive quarter of a robust improvement in the margin, which was up by 360 basis points to 26.5%. The software service and IMS businesses reported an improvement of 85 basis points and 13 basis points respectively.

Result table Rs (cr)

Particulars	Q3FY07	Q3FY06	Q2FY07	% yoy	% qoq
Net sales	**1577.1**	**1121.9**	**1465.1**	**40.6**	**7.6**
Direct costs	973.8	697.9	910.7	39.5	6.9
Gross profit	603.3	424.0	554.4	42.3	8.8
SG&A	236.6	174.3	230.3	35.7	2.7
EBITDA	366.7	249.7	324.0	46.8	13.2
Depreciation	65.9	53.0	62.3	24.2	5.7
EBIT	300.9	196.7	261.7	52.9	15.0
Forex gain/(loss)	41.8	-1.3	34.7	-	-
Other income	19.7	26.8	13.4	-26.5	47.0
PBT	362.4	222.2	309.8	63.0	17.0
Tax provision	28.3	27.7	20.6	2.2	37.4
PAT	334.1	194.5	289.2	71.7	15.5
Share from equity investment	0.3	0.6	0.7	-50.0	-57.1
Minority interest	2.0	1.1	2.3	81.8	-13.0
Net profit	**331.8**	**192.8**	**286.2**	**72.0**	**15.9**
Equity capital (diluted)	137.4	135.6	136.7		
EPS (Rs)	4.8	2.8	4.2		
Margin (%)					
GPM	38.3	37.8	37.8		
OPM	23.3	22.3	22.1		
NPM	21.0	17.2	19.5		

- The earnings grew at a robust rate of 15.9% qoq and 72.1% yoy to Rs331.8 crore (ahead of our expectation of Rs290 crore and the consensus estimate of a flat or negative growth sequentially, especially after the higher base resulting from the robust performance in the previous two quarters). The growth in the earnings was also aided by the foreign exchange (forex) gains of Rs41.8 crore on the open forward contracts, up from Rs34.7 crore reported in Q2FY2007.
- In terms of operational highlights, the ramp-up in the large deals is beginning to make a material impact on the overall performance. Moreover, the company continues to bag new multi-million, multi-year, multi-service deals and has announced six new deals in Q3—five in the range of $25-50 million each and one worth over $50 million.
- To factor in the higher than expected performance in the past three quarters and the continued traction in the intake of large deals, we have revised upwards the estimates for the FY2007 and FY2008 earnings per share (EPS) by 6.1% and 3.1% respectively. At the current market price the stock trades at 14.9x FY2008 and 12.6x FY2009 estimates. We maintain our Buy recommendation on the stock with a revised price target of Rs425 (17x FY2009E earnings on a diluted equity base).

Segmental results

Core software services boosted by non-effort based gains

The 8.1% sequential growth in the revenues (in dollar terms) of the software service business was driven by a just 3.9% sequential growth in the volumes (or efforts billed) with a major push coming from better realisations (up 1.7%), onsite shift (up 1.7%) and other non-effort based gains such as bonus and expenses reimbursements (up 0.8%). The non-effort based gains and higher realisations led to an 85-basis-point improvement in the EBITDA margin in spite of the adverse impact of 64 basis points due to the appreciation of the rupee.

IMS—growth moderates after three quarters of double-digit sequential growth

The sequential growth of 8.2% (in dollar terms) and 6.5% (in rupee terms) is relatively much lower than the healthy double-digit sequential growth reported in the previous three quarters. The improvement of around 1% in realisations aided the revenue growth in the IMS business during the quarter. On the other hand, the decline in employee utilisation limited the improvement in the EBITDA margin to around 13 basis points.

BPO—exceptionally strong quarter

In addition to the effort-based sequential growth of 7%, the exceptionally strong performance of the BPO business was boosted by higher utilisation (up 4%), better realisations (up 4.8%) and other non-effort based incentives (a 2.6% gain); this resulted in a sequential growth of 18.4% in dollar terms. The huge gains from utilisation, realisations and non-effort based incentives also resulted in a 360-basis-point improvement in the EBITDA margin.

Segmental results Rs (cr)

Particulars	Q3FY07	Q3FY06	Q2FY07	% yoy	% qoq
Revenue					
Software services	1142.1	834.8	1073.9	36.8	6.4
BPO	216.4	156.4	185.9	38.3	16.4
IMS	218.6	130.7	205.3	67.3	6.5
Total revenues	1577.1	1121.9	1465.1	40.6	7.6
EBITDA					
Software services	270.8	196.0	245.5	38.2	10.3
- margins (%)	*23.7*	*23.5*	*22.9*		
BPO	57.4	33.6	42.6	70.6	34.7
- margins (%)	*26.5*	*21.5*	*22.9*		
IMS	38.5	20.1	35.9	91.5	7.2
- margins (%)	*17.6*	*15.4*	*17.5*		
Total EBITDA	366.7	249.7	324.0	46.8	13.2
- margins (%)	*23.3*	*22.3*	*22.1*		
EBIT					
Software services	231.9	165.4	209.7	40.2	10.6
- margins (%)	*20.3*	*19.8*	*19.5*		
BPO	42.6	21.2	27.6	100.5	54.6
- margins (%)	*19.7*	*13.6*	*14.8*		
IMS	26.3	10.1	24.5	160.4	7.4
- margins (%)	*12.0*	*7.7*	*11.9*		
Total EBIT	300.8	196.7	261.7	52.9	14.9
- margins (%)	*19.1*	*17.5*	*17.9*		

Operational efficiencies and non-effort based pricing

The sequential growth in the overall revenues was contributed by only a 56% growth in the efforts. The rest of it came from better utilisation (21%), onsite shift (13%) and non-effort based incentives (10%). This clearly demonstrated the company's success in leveraging operational efficiencies and is a step towards the stated goal of moving towards an output-based pricing model.

Employee addition is on track

The company has added 7,523 employees in the first nine months and is on track to achieve the stated target of adding 10,000 employees in FY2007. During the next quarter, the employee additions are likely to be robust, as the company has given around 5,000 offers to engineering graduates passing out this year. Going forward, the management has indicated that the net employee addition in FY2008 is likely to be much higher than that in FY2007.

Valuation

To factor in the higher than expected performance of the past three quarters and the continued traction in the intake of large deals, we have revised upwards the FY2007 and FY2008 EPS estimates by 6.1% and 3.1% respectively. At the current market price the stock trades at 14.9x FY2008 and 12.6x FY2009 estimates. We maintain our Buy recommendation on the stock with a revised price target of Rs425 (17x FY2009E earnings on a diluted equity base).

Key financials

	FY06	FY07E	FY08E	FY09E
Net sales (Rs cr)	4388.3	6096.2	7802.3	9753.4
Net profit (Rs cr)	773.9	1170.0	1432.8	1747.6
Nos. of equity shares	64.3	66.0	67.8	69.8
EPS (Rs)	12.0	17.7	21.1	25.0
% y-o-y chg	*26.9*	*47.3*	*19.2*	*18.5*
PER	26.2	17.8	14.9	12.6
OPM (%)	22.2	22.5	22.2	22.0
Dividend (Rs)	8.0	8.0	8.0	8.0
Dividend yield (%)	2.5	2.5	2.5	2.5

The author doesn't hold any investment in any of the companies mentioned in the article.

SKF India

Apple Green

Stock Update

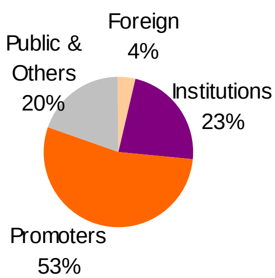
Annual report review

Buy; CMP: Rs332

Company details

Price target:	Rs406
Market cap:	Rs1,750 cr
52 week high/low:	Rs376/209
NSE volume: (No of shares)	31,112
BSE code:	500472
NSE code:	SKFINDIA
Sharekhan code:	SKFBEAR
Free float: (No of shares)	2.5 cr

Shareholding pattern



Price chart

Price performance

(%)	1m	3m	6m	12m
Absolute	6.8	21.4	3.8	9.8
Relative to Sensex	-2.6	25.8	-2.2	-8.4

We went through the recently released annual report of SKF India. The confident future outlook by the management further reinforces our positive view on the company. We present an update below.

Growth momentum continues in CY2006

SKF India rendered a strong performance in CY2006 as the revenues touched Rs1,342.5 crore, rising by 72% year on year. However, the CY2006 numbers are not strictly comparable with those of CY2005 due to a change in the method of accounting for indenting business, which has been taken as commission income to the direct customer delivery (DCD) model in this year. The domestic sales and exports remained strong during the year. Exports, contributing about 5% of the total sales of the company, marked a growth of 43.5% during the year, while the domestic sales improved by 74%. The operating margins have fallen in comparison to last year due to the DCD business, which being a trading business carries lower margins (in the region of 5-5.5%). Hence, the raw material to sales ratio has risen from about 55% last year to 65.1% in CY2006. This impact was partly negated by the improvement in the operational efficiencies as the operating margins for the current year came down to 12.7% against 17.7% last year. The net profit for the year rose by 58% by Rs102 crore.

Revenues from bearings

Particulars	2002	2003	2004	2005	2006
Sales quantity (in '000)	62,508	67,308	73,986	75,313	94,834
% growth		*7.7*	*9.9*	*1.8*	*25.9*
Sales (Rs crore)	362.6	402.4	482.2	560.1	712.2
% growth		*11.0*	*19.8*	*16.2*	*27.2*
Realisation (Rs)	58.0	59.8	65.2	74.4	75.1
% growth		*3.1*	*9.0*	*14.1*	*1.0*

Consistent improvement in operating metrics

The operational performance of SKF has risen consistently year on year, particularly on the back of strong operating efficiencies, and coherent measures taken by the company towards its improvement. Both the debtor and inventory days have come down further during the year to 45 days and 41 days respectively. The company has also shown a brilliant improvement in its return ratios as the return on capital employed improved to 39.4% from 14.9% in 2002 and the return on net worth increased to 23.5%

Earnings table

Year ended Dec 31	CY2004	CY2005	CY2006E	CY2007E	CY2008E
Net sales (Rs cr)	578.6	781.4	1342.5	1537.1	1798.9
Net profit (Rs cr)	50.1	91.7	99.3	127.5	163.1
Shares in issue (cr)	4.53	5.27	5.27	5.27	5.27
EPS (Rs)	11.1	17.4	18.8	24.2	30.9
% y-o-y growth	*56.0*	*57.0*	*8.0*	*28.0*	*28.0*
PER (x)	30.0	19.1	17.6	13.7	10.7
Book Value (Rs)	56.7	65.9	80.1	98.2	121.4
P/BV (Rs)	5.9	5.0	4.1	3.4	2.7
EV/EBIDTA (x)	13.6	11.4	9.3	7.4	5.7
Dividend yield (%)	0.9	1.1	1.4	1.8	2.3
RoCE (%)	32.8	43.0	39.4	40.7	42.2
RoNW (%)	19.5	26.4	23.5	24.6	25.5

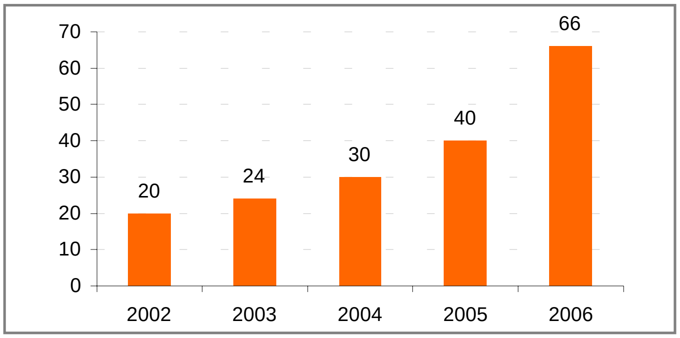
from 10.4% in the same period. The company's debt free status further makes it a less risky investment. The company is efficiently managing its working capital as the ratio of the working capital as a percentage of sales came down from 26% last year to 18% in CY2006.

Financial matrices

	2002	2003	2004	2005	2006
RONW (%)	10.4	15.0	19.5	26.2	23.5
ROCE (%)	14.9	21.2	32.8	43.0	39.4
Debtor days	69	59	47	48	45
Inventory days	93	74	79	65	41
Creditor days	83	72	108	70	64
Debt-equity (x)	0.5	0.2	0.0	0.0	0.0

The company has also shown a remarkable improvement in its productivity, which is apparent from the strong improvement in its sales per employee. The sales per employee ratio improved significantly from Rs20 lakh in CY2002 to Rs66 lakh in CY2006.

Sales per employee (Rs lakh)



During the year, the company also increased its spending on creating a better information technology infrastructure in the firm as it migrated to the next generation enterprise resource planning. In line with its drive to improve efficiencies, the company has implemented Six-sigma and total productivity management practices in the firm.

Expanding product portfolio

SKF India endeavours to derisk its business model by expanding its product basket, and grow further in areas like seals, mechatronics, services and lubrication systems. Currently, bearings account for 90% of its sales, and the company expects the percentage to come down to about 80%.

The company is consistently supported by its parent SKF AG in terms of new technology. During the year, the company launched Conment bearings, which are being exported. The company also started manufacturing cylindrical roller bearings. Recently, the company also launched a range of power transmission products in the Indian market. The products launched include the full range of V-belts, chains and couplings.

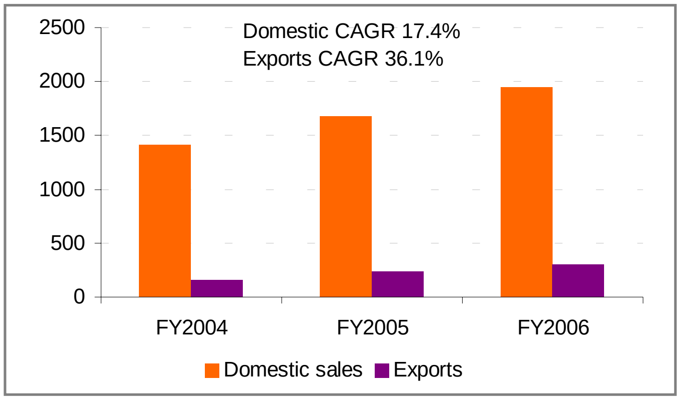
Capacity raised this year; to be raised further next year

SKF India has been on a capital expenditure (capex) spree. During the year it raised its ball and roller bearing capacity from 75 million units per annum to 94.8 million units per annum. Going forward, the company plans to spend about Rs200 crore in the next two to three years for capacity expansions. There is also a proposal to set up a plant in Uttaranchal. In CY2007, the ball bearing capacity is expected to go up to 110 million units while the taper bearing capacity would go up to 22 million units.

Outlook

On the back of the buoyant expectations of the growth in the economy, and increased impetus for the automobile industry with the development of the Golden Quadrilateral and NSEW corridor, the company expects the demand environment for the bearings industry to remain strong. The growth in the automotive sector is expected to continue with excise cuts and the ambitious Automotive Mission Plan (AMP) undertaken by the government. The company also sees good growth in the capital goods industry, and strong potential in sectors like wind energy and the textile industry. All these factors are expected to accelerate the growth for the company going forward.

Growth in Indian bearings industry (Rs crore)



SKF, in its annual report, says that it goes by the tenet, "achieving sustainable growth and transforming into a Knowledge Engineering company". The company says that it would continue to "focus on developing innovative, integrated value-added solutions that improve competitiveness and profitability for our customers, while at the same time mitigating the risks and costs resulting from negative social and environmental impacts. This provides us with new opportunities, such as product innovations and new business development areas, reinforcing our vision to equip the world with SKF knowledge."

At the current market price of Rs332 the stock is discounting its CY2008 earnings estimate by 10.7x and its earnings before interest, depreciation, tax and amortisation estimate by 5.7x. We maintain our Buy recommendation on the stock with a price target of Rs406.

Sharekhan Stock Ideas

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Reliance Industries
Tata Consultancy Services

Apple Green

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ACC
Apollo Tyres
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Bank of Baroda
Bank of India
Bharat Bijlee
Bharat Electronics
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Bharti Airtel
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Ranbaxy Laboratories
Satyam Computer Services
SKF India
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Tata Elxsi
Television Eighteen India
Thermax
UTI Bank

Ugly Duckling

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BASF India
Ceat
Deepak Fertilisers & Petrochemicals Corporation
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