



Research Report

SKF India Limited

PREPARED BY

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About

SKF India Ltd., a subsidiary of Sweden-based AB SKF, is a leading provider of bearings, seals, lubrication systems, and mechatronics solutions. Established in 1961, with operations dating back to 1923, it serves key sectors like automotive, industrial, and aerospace. With multiple manufacturing plants and a wide distribution network across India, SKF India delivers high-performance, reliable engineering solutions backed by advanced technology and a strong focus on sustainability and innovation.

Key Business Segments

SKF India derives its revenue from a mix of industrial and automotive segments. The industrial segment includes bearings and related products for various machinery and equipment. The automotive segment serves both original equipment manufacturers and the aftermarket. Additionally, the company offers services and solutions such as lubrication systems and condition monitoring.

Revenue Breakup FY24:

Manufacturing: 56%

Trading: 40%

Sale of Services & Other: 4%

Synopsis of Financials

SKF India showed stable financial performance in FY 2024–25, driven by operational efficiency and strong demand. The company maintained healthy margins, strong cash flows, and continued its focus on shareholder value through consistent returns.

- **Revenue: ₹4,919.9 crore, up ~8% YoY**
- **Net Profit: ₹565.9 crore, up ~3% YoY**
- **EPS: ₹114.56 per share**
- **Dividend: ₹14.50 per share proposed**
- **Cash Balance: ₹719 crore with negligible debt**
- **Operating Cash Flow: ₹203.1 crore, down from last year**

Source: Company Annual Report

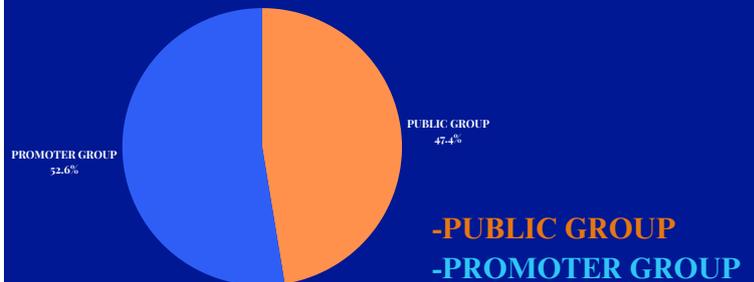
Stock data (as 30th June 2025)

Nifty Price	: 24,836.45
Market Capitalization	: 24,249.32
Total Debt (FY22P)	: 6.92 Cr
Enterprise Value	: 229,459.0
52 week H/L (₹)	: 5,735.00/3,544.00
Face Value	: ₹ 10.0
NSE/BSE Code	: INE640A01023

Stock data



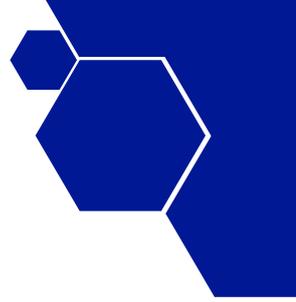
Shareholding Pattern (June 2025)



Financial Summary

Particulars	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Sales	2,671	3,666	4,305	4,570	4,920
Sales Growth %	-6.01%	37.26%	17.43%	6.16%	7.65%
Expenses	2,251	3,110	3,556	3,853	4,174
Operating Profit	420	556	749	718	745
OPM %	16%	15%	17%	16%	15%
Net Profit	298	395	525	552	566
EPS in Rs	60.22	79.92	106.15	111.61	114.45

Quarterly Results



Particular	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
Sales	1,125	1,092	1,203	1,206	1,244	1,256	1,213
Expenses	1,001	920	990	1,013	1,120	1,135	929
Operating Profit	124	172	213	194	124	121	285
OPM %	11%	16%	18%	16%	10%	10%	23%
Other Income	18	24	35	40	23	48	12
Interest	0	0	0	0	0	0	0
Depreciation	19	19	19	20	20	21	22
Profit before tax	122	177	229	214	127	147	275
Tax %	26%	25%	24%	26%	26%	26%	26%
Net Profit	90	132	175	159	94	110	203

Source: Screener

Source: Annual Report

Yearly Results

Particulars	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Equity Capital	49	49	49	49	49	49
Reserves	1,856	1,514	1,836	2,292	2,633	2,549
Borrowings	22	18	16	14	12	7
Other Liabilities	542	721	713	822	957	959
Total Liabilities	2,469	2,303	2,615	3,178	3,651	3,564
Fixed Assets	352	345	402	424	472	551
CWIP	41	65	52	63	89	56
Investments	197	2	2	2	9	9
Other Assets	1,879	1,890	2,158	2,688	3,081	2,948
Total Assets	2,469	2,303	2,615	3,178	3,651	3,564

Synopsis Quarter Results

Concall Notes - July -2025: Key Highlights

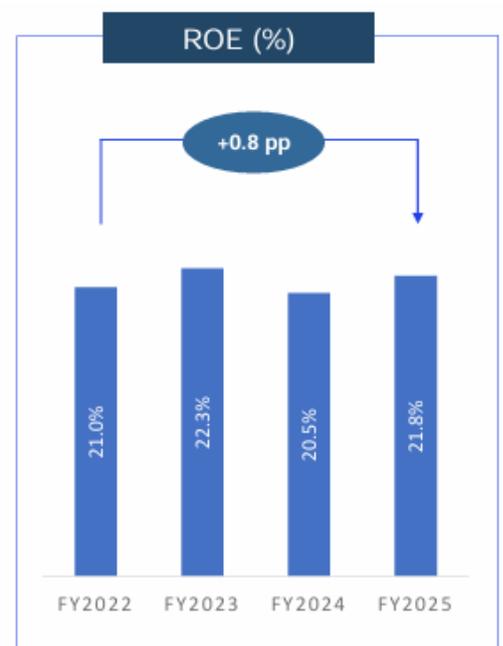
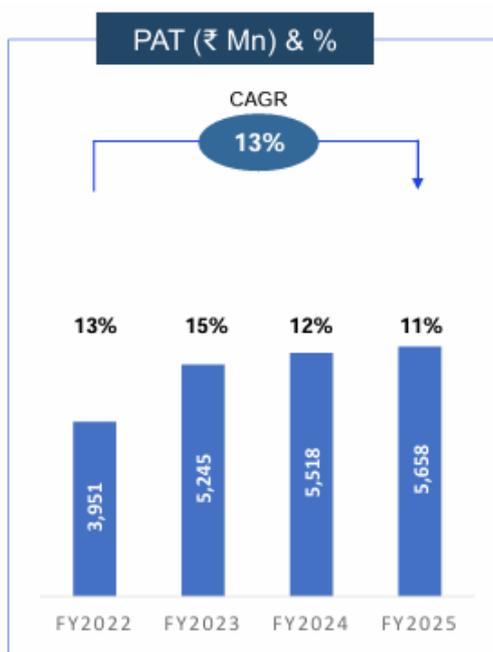
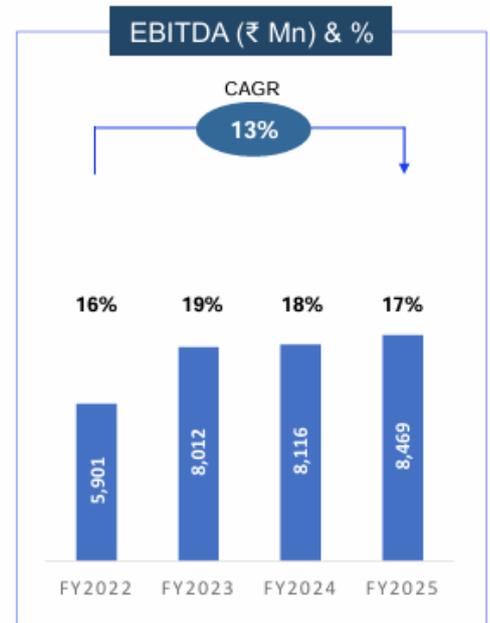
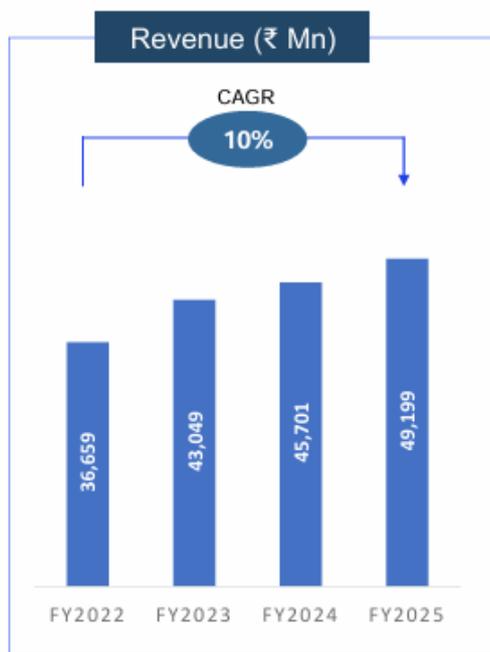
Overall Performance

- **Net Sales:** MSEK 23,166, a decrease from MSEK 25,606 in Q2 2024.
- **Organic Growth:** -0.2%, compared to -6.6% in Q2 2024. This decline was primarily driven by lower market demand in the Automotive sector, while the Industrial segment showed organic sales growth.
- **Adjusted Operating Profit:** MSEK 3,090, down from MSEK 3,324 in Q2 2024, mainly due to significant currency headwinds.
- **Adjusted Operating Margin:** 13.3%, an improvement from 13.0% in Q2 2024. This margin resilience was achieved despite mixed demand and negative currency impact, driven by pricing, portfolio management, and good cost control.
- **Operating Profit:** MSEK 1,300, a significant decrease from MSEK 2,489 in Q2 2024. This includes items affecting comparability (IAC) of MSEK -1,790 (compared to -835 in Q2 2024), primarily related to the rightsizing of the Industrial business (BSEK 2) and higher Automotive separation costs. It also includes a profit of BSEK 0.8 from the sale of the aerospace business in Hanover, USA.
- **Operating Margin:** 5.6%, down from 9.7% in Q2 2024.
- **Net Cash Flow from Operating Activities:** MSEK 2,817, an increase from MSEK 2,152 in Q2 2024, attributed to improved working capital.
- **Basic Earnings per Share:** SEK 1.13, a decrease from SEK 3.36 in Q2 2024.
- **Adjusted Net Profit:** MSEK 2,373, down from MSEK 2,498 in Q2 2024.

Outlook for Q3 2025

- Sales are expected to be relatively unchanged year-over-year.
- Currency impact on operating profit is anticipated to be around MSEK 500 negative compared to Q3 2024.

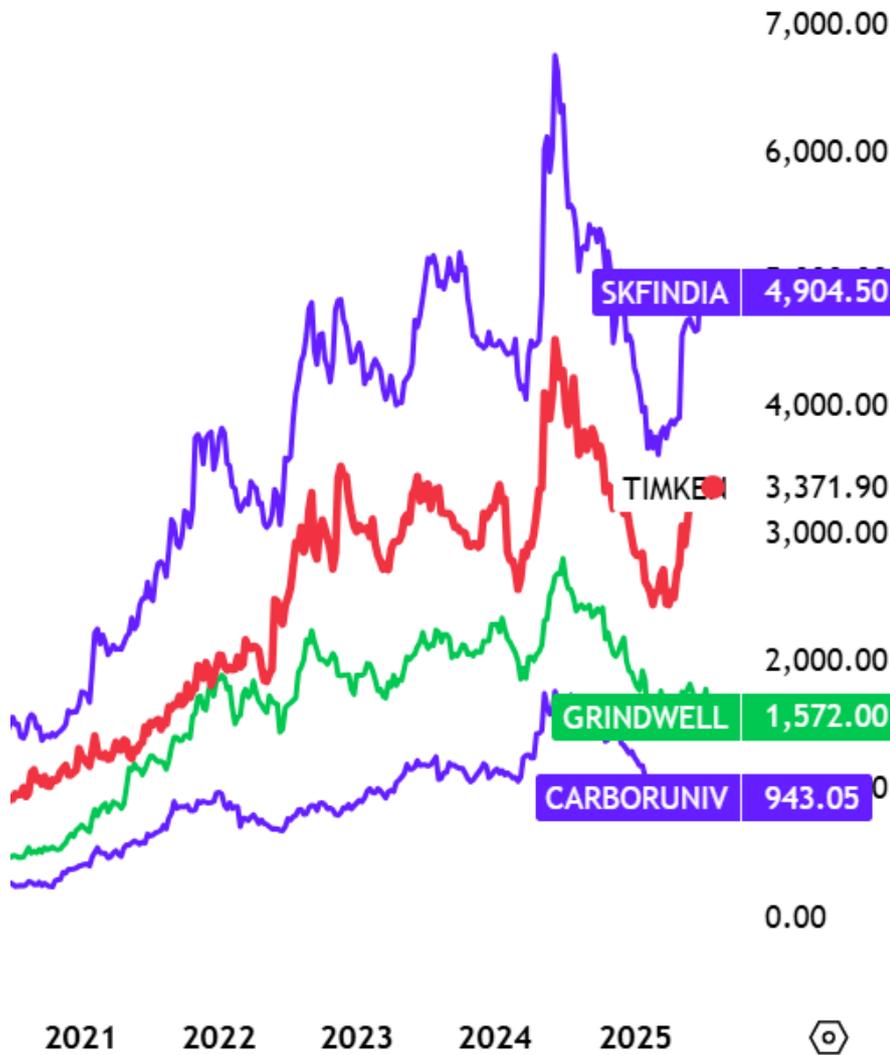
Highlights



Peer Comparison



Peer Stock Performance (5Y) Indexed



Source: Trading View

Peer Financial Performance

Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
Timken India	3385.00	57.09	25461.53	1.06	186.83	32.10	939.79	4.68	20.93
SKF India	4904.95	42.85	24249.04	0.30	202.77	15.99	1213.37	0.83	28.82
Carborundum Uni.	946.00	49.91	18014.08	0.42	30.10	-78.39	1217.12	1.33	16.12
Grindwell Norton	1570.40	47.00	17387.46	1.06	94.44	1.36	703.46	-0.30	20.90
Wendt India	9825.85	55.24	1965.17	0.50	3.78	-50.78	52.17	6.34	19.81

Source: Screener

Final Outlook

SKFINDIA: HOLD | LTP: 4,915

SKF Ltd – Fundamental Outlook

- Q2 2025 key metrics: Net sales of MSEK 23,166; organic growth –0.2%; adjusted operating profit MSEK 3,090; adjusted operating margin rose to 13.3% (up from 13.0%).
- Cash flow strength: Operating cash flow increased to MSEK 2,817 (up from MSEK 2,152 in Q2 2024), driven by improved working capital management.
- Segment performance: Industrial margins reached 16.6% (versus 16.3%), showing stability across regions. Automotive segment declined due to weak global demand except in EV; margin slipped to 5.1%
- Aerospace growth: Achieved 12% annual revenue growth and an 8-point margin improvement since 2022, underpinned by portfolio prioritization and pricing initiatives.
- Restructuring actions: Rightsizing program to cut ~1,700 positions (net ~1,200) primarily in Europe; projected annual cost savings ~BSEK 2 by 2027; restructuring charges (IAC) of BSEK 1.8 recognized in Q2

Outlook:

Q3 2025: expect flat organic sales year-over-year amid uncertain macro climate.

Currency headwind: operating profit expected to be impacted by ~MSEK 500 vs. Q3 2024.

Full-year 2025 cap-ex (ex-automotive separation) around BSEK 4.5; tax rate ~26%.

The SKF demonstrates margin resilience supported by strong cost control, cash generation and selective segment strength. Continued restructuring and aerospace momentum offset challenges in the automotive business. Looking ahead, currency volatility and global demand softness pose risks to flat top-line performance, but ongoing savings initiatives support long-term value creation.

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