

24th Nov 2015**SNL BEARINGS LTD**

SNL is one of india based needle roller bearings manufacturer. It manufactures wide range of needle roller bearings for automotive applications to serve OEMs and Aftermarket in india and overseas. Established in 1983 in Ranchi the capital city of Jharkhand SNL was promoted by then the Shriram group of Industries in technical collaboration with INA Germany. For more than two decades it has been remained suppliers to various big names in Automobile manufacturing like BAJAJ, LML, KINETIC ENGG.TVS, MARUTI and TATA MOTORS. Besides it manufactures some industrial bearings as well used in Textile machineries and household appliances. SNL exports its products to many of the countries across the globe.

CMP: Rs. 146.30**52 WK LOW/HIGH: Rs. 81.30 / 159.90****Brief Highlight****Standalone**

MARKET CAP (RS CR)	52.84	EPS (TTM)	13.24
P/E	11.05	P/C	9.82
BOOK VALUE (RS)	30.19	PRICE/BOOK	4.85
DIV (%)	0.00%	DIV YIELD.(%)	-%
MARKET LOT	1	FACE VALUE (RS)	10.00
INDUSTRY P/E	36.48	DELIVERABLES (%)	88.98 new

* Note - Trailing EPS is displayed only when latest 4 quarter results are available.

Source: <http://www.moneycontrol.com/>

1 Year Price/Volume:

L Day H
145.00 155.50

L 52Wk H
81.30 159.90

Source: <http://www.bseindia.com/>

Financials Highlight:

(Annual Results Consolidated Figures in Rs. Crores)

Operating Performance								
	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	TTM	Mar-16	Mar-17
Sales	19.36	22.58	23.00	23.04	26.48	26.88	29.13	32.04
Growth YoY (%)		16.6%	1.9%	0.2%	14.9%	1.5%	10.0%	10.0%
Expenses	12.02	13.63	16.23	17.47	18.91	19.29		
Operating Profit	7.34	8.95	6.77	5.57	7.57	7.96		
Other Income	-	0.03	0.07	0.53	0.33	0.12		
Interest	0.31	0.24	0.36	0.71	0.56	0.41		
Depreciation	0.47	0.44	0.37	0.43	0.60	0.44		
Profit before tax	4.81	6.24	6.11	4.96	6.74	7.11		
Tax	0.99	1.77	2.15	1.58	2.18	2.33		
Net Profit	3.82	4.47	3.96	3.39	4.55	4.78	5.01	5.51
Growth YoY (%)		17.0%	-11.4%	-14.4%	34.2%	5.1%	10.0%	10.0%
EPS (unadj)	10.58	10.58	9.01	7.44	4.91			
Dividend Payout	-	-	-	-	-			
Cash Flows								
Cash from Operating Activity	4.43	3.50	2.66	4.11	6.08			
Cash from Investing Activity	(0.24)	(0.59)	(2.37)	(3.33)	(0.70)			
Cash from Financing Activity	(4.03)	(3.08)	(0.32)	(0.75)	(5.15)			
Net Cash Flow	0.16	(0.17)	(0.03)	0.03	0.23			
Ratio Analysis								
Operating Profit Margin(%)	32.12	33.55	29.53	24.18	28.59			
Net Profit Margin(%)	21.74	21.75	17.20	14.71	17.17			
Return On Capital Employed(%)	55.14	62.64	45.46	32.62	48.72			
Return On Net Worth(%)	(607.72)	122.52	52.09	30.53	20.58			
Long Term Debt Equity Ratio		1.88	0.63	0.43	0.18			
Inventory Turnover Ratio	4.40	3.23	3.38	4.01	4.17			
Fixed Assets Turnover Ratio	1.17	1.32	1.28	1.08	1.17			
PE						11.05	12	13
EPS						13.24	13.86	15.24
CMP						146.3	166	198
No of Share Outstanding						3,611,540		

Short Term to Medium Term Target			
Script:	BSE Code:	CMP:	Target Price (BUY):
SNL BEARINGS LTD	505827	146.30	198

Analysis & View:

- PE (11.05) is less than Industry PE (36.48) – Possibilities of further expansion in PE
- Operating profit margin has been in the range of 24.18 to 33.55 in last 5 yrs – Within a good range OPM is a GOOD sign
- Net profit margin has been in the range of 14.71 to 21.75 in last 5 yrs– HIGH NPM is a GOOD sign
- Steady and high Return on Capital Employed and Return on Equity is a GOOD sign
- Debt is reduced in FY15 from FY14 is a GOOD sign
- Steady Fixed Assets Turnover Ratio and Inventory Turnover Ratio is a GOOD sign
- Growth in Sales is not Continuous within previous 5 yrs.

The operating ratios are GOOD and CONSISTENT over the last 5 years, the company has also turned its negative reserve into positive reserve in FY12. The concern is that the growth in sales and profit is not consistent and below average for such a small size company. Also the volume in the stock over the past 1 year is very low. Keeping all the factors invest in this stock may NOT be as RISKY ONE as others stocks like such a small Mcap size and we have a BUY recommendation. The result for the first half of the FY15 is quite good. We expect a target price of Rs. 198 expecting a better 2nd half result.