

**Federal Mogul Goetze (India) Limited**

COMPANY SNAPSHOT					
CMP	Initiation Price	Target	Potential Upside	Recommendation	MCap (Rsbn)
Rs417	Rs391	Rs750	80%	BUY	Rs23.2

**About the Company:**

Federal-Mogul Goetze (India) Limited (Federal Mogul) was established in 1954 as a joint venture with Goetze-Werke of Germany. Goetze-Werke of Germany is now owned by Federal-Mogul Corporation, USD6.3bn global company and one of the leading manufacturers of automotive components in the world. Federal Mogul is the largest manufacturer of pistons and piston rings in India. It manufactures world-class pistons, piston rings, sintered parts and cylinder liners covering a wide range of applications including two/three-wheelers, cars, SUVs, tractors, light commercial vehicles, heavy commercial vehicles, stationary engines and high output locomotive diesel engines. The company has 3 modern production facilities located at Bangalore, Patiala, Bhiwadi which TS 16949, ISO14001 and OHSAS 18001 are certified. The holding company is one of the world's leading power train component and assembly providers and also major player in auto components. The company has Mr. K.N. Subramaniam as the Chairman and Director of the company Mr. Vinod Kumar Hans is the managing Director of the company.

**Results Declared:**

- The net sales for the quarter came in at Rs3431mn as compared to Rs3294mn, growth of 4.2%
- The Ebitda margins stood at 12.8% as compared to 15.1% in the same quarter last year
- The net profits dropped by 7.8% for the quarter at Rs210mn compared to Rs228mn in Sept 2017
- The EPS for the quarter is Rs3.8
- The company has updated on the Open Offer by Tenneco Inc. for the acquisition of 25% stake to acquire over 1.39crore shares, initially at Rs400 per share which was then revised to Rs420.

**Financials:**

Result Update (Q2FY2019)									
Q2FY19 Result (Rs mn)	Sept-18	Sept-17	y-o-y	June-18	q-o-q	H1FY19	H1FY18	y-o-y	FY19E
Total Income	3431	3294	4.2%	3392	1.1%	6823	6629	2.9%	14024
EBITDA	441	498	(11.5%)	565	(21.9%)	1004	1011	(0.7%)	2104
Other Income	111	82	35.6%	46	142.0%	156	133	17.8%	249
Interest	23	27	(15.2%)	23	(2.5%)	44	57	(23.1%)	88
Depreciation	205	189	8.5%	196	4.7%	401	379	5.9%	744
Exceptional Items	-	-	-	-	-	-	-	-	-
Tax	113	135	(16.4%)	137	(17.3%)	250	254	(1.7%)	550
Net Profit	210	228	(7.8%)	254	(17.2%)	465	453	2.7%	970

**Outlook and Recommendations:**

The company has reported subdued results for the quarter under reference. However, the company should do reasonably decent in H2FY19 and get on track for the projected numbers. We continue with our Buy recommendation on the stock with a target price of Rs750 over a 12 months perspective.

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