

Federal Mogul Goetze (India) Limited.

COMPANY SNAPSHOT					
CMP	Initiation Price	Target	Potential Upside	Recommendation	MCap (Rsbn)
Rs537	Rs540	Rs750	40%	BUY	Rs29.9

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 Rs3294mn as compared to Rs3150mn in the same quarter last year, growth of 4.6%
- The Ebitda margins stood at 15.1% in comparison to 15.6% in the comparative quarter last year
- The net profit grew by 8.4% to Rs228mn as against Rs211mn in the comparative quarter
- The EPS is Rs4.11

Financials (Consolidated):

Result Update (Q2FY2018)									
Q2FY18 Result (Rs mn)	Sept-17	Sept-16	y-o-y	June-17	q-o-q	FY16	FY17	y-o-y	FY18E
Total Income	3,294	3,150	4.6%	3,294	(0.01%)	13,277	13,022	(1.9%)	13,673
EBITDA	498	490	1.6%	517	(3.6%)	1,400	1,797	28.4%	1,983
Other Income	82	80	1.9%	51	59.9%	354	263	(25.7%)	276
Interest	27	55	(51.9%)	35	(24.0%)	284	198	(30.3%)	142
Depreciation	189	192	(1.4%)	190	(0.4%)	752	764	1.6%	779
Exceptional item	0	0	-	0	-	0	0	-	0
Tax	135	112	20.7%	119	13.6%	278	378	36.0%	461
Net Profit	228	211	8.4%	224	2.2%	440	720	63.8%	876

Outlook and Recommendations:

The company has reported flat results for the quarter. However, it is in line with the expected numbers for the full year. We continue to be bullish on the experience of the company in the auto component space backed by the parent company's experience and expertise. We had initiated a BUY on the stock with a target price of Rs750 over a 12 months horizon and maintain the same.

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