

**Federal-Mogul Goetze (India) Limited**

COMPANY SNAPSHOT					
CMP	Initiation Price	Target	Potential Upside	Recommendation	MCap (Rsbn)
Rs491	Rs540	Rs750	53%	BUY	Rs27.3

**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 under review came in flat at Rs3164mn as compared to Rs3133mn, growth of 1%
- However, there was an improvement seen at the operational front with EBITDA margins at 12.9% from 11.9% in the same quarter last year
- The net profit grew by 18.1% to Rs183mn in quarter ending December 2018 as compared to Rs155mn in the same quarter last year.
- EPS for the quarter stood at Rs3.3

**Financials:**

Result Update (Q3FY2019)									
Q3FY19 Result (Rs mn)	Dec-18	Dec-17	y-o-y	Sept-18	q-o-q	9MFY19	9MFY18	y-o-y	FY19E
Total Income	3,164	3,133	1.0%	3431	(7.8%)	9,987	10,096	(1.1%)	13,245
EBITDA	409	372	10.2%	441	(7.1%)	1,415	1,382	2.4%	1,934
Other Income	99	84	18.7%	111	(10.2%)	256	216	18.2%	259
Interest	23	20	18.6%	23	3.3%	69	77	(10.4%)	92
Depreciation	204	185	10.4%	205	(0.5%)	606	564	7.4%	808
Exceptional Items	-	-	-	-	-	-	-	-	-
Tax	98	96	2.6%	113	(13.1%)	348	350	(0.5%)	453
Net Profit	183	155	18.1%	210	(13.1%)	648	608	6.6%	840

**Outlook and Recommendations:**

The company has reported flat numbers for the quarter under review. Encouraging was the operational efficiency depicted by the company through the cost control measures adopted. The company could be a flattish in performance for the year due to the indirect impact of the slowdown in the Auto space (as the company is more into auto component segment). This does develop a cautious outlook for the company in tandem to the industry scenario as a whole. But keeping the conviction with the working of the company we continue with our Buy recommendation on the stock with a target price of Rs750 over a 12 months perspective.

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