



Autoline Industries Limited (Autoline) was incorporated a decade ago. It is a medium sized engineering and auto ancillary company that supplies sheet metal components, assemblies, sub-assemblies and tubular assemblies, like silencers and exhaust systems, to the Indian auto industry. Its customers include Tata Motors, Bajaj Auto, Kinetic Engineering, Mahindra & Mahindra, Fiat (India) and Walker Exhaust (India). The company has also set up a joint venture company in the UAE for manufacturing components for the Gulf and African markets. Presently, more than 400 products from Autoline fit into a range of SUVs, LCVs, HCVs and passenger cars besides 2 and 3 wheelers.

INDUSTRY OVERVIEW

The auto components sector is one of the fastest growing sectors of the economy. Exports of auto components from India have witnessed a CAGR of 19 per cent over the last 6 years. According to the "Vision 2015" study recently conducted by McKinsey & Co, the Indian passenger car market is poised to touch the two million mark by 2010 and three million by 2015, leading to a domestic market of US \$ 18-20 billion for auto components in the next 10 years.

OBJECTS OF THE ISSUE

The issue proceeds will be used to

- modernise and upgrade the existing manufacturing facilities,
- expand the UAE operations, which includes setting up a manufactur-

ing facility and making it a strategic location for trade with Gulf and African countries,

- relocate and set up a marketing office,
- look out for acquisitions and
- augment long term working capital resources.

FINANCIALS

The performance of the company has improved year on year. Its total income increased by 40 per cent from Rs 70 crore in FY04-05 to Rs 100 crore in FY05-06. The profit before tax stood at Rs 7.7 crore in FY05-06 in comparison to Rs 1.9 crore in FY04-05. The profit after tax showed a many fold jump. It stood at Rs. 7.7 crore in FY05-06, as compared to Rs 1.8 crore in FY04-05.

VALUATIONS

The auto and auto ancillary industries are poised for huge growth due to increasing demand and the confidence that global players show in domestic manufacturers. The company has an impressive client base and the future of the company looks bright, due to the prospects of the sector. We recommend a 'subscribe' on the issue with a long term view. **YM**

● **Sushant Kumar**
Equity Analyst, FinanceInsights

Autoline Industries Limited

Issue Size	Rs 66 to 74.25 crore
Issue Price	Rs 200 - 225
Issue Closes on	January 12, 2007