



# Autoline Industries Ltd.

## Key Stock Indicators

NSE Ticker :	AUTOIND	CMP as on 03 May 2011-Rs/share :	143.2	Shares outstanding (mn) :	12.2
Bloomberg Ticker :	AUTOL:IN	52 week range up to 03 May 2011 (Rs)(H/L) :	279.7/107.0	Free Float (%) :	71.8
Face value per share :	10.0	Market Cap as on 03 May 2011 (Rs mn) :	1,748	Average daily volumes (12 months) :	121,334
Div.Yield (%) :	1.6	Enterprise Value as on 03 May 2011 (Rs mn) :	3,436	Beta (2 year) :	1.4

Autoline Industries Limited (AIL) was incorporated in 1996. The company is into conceptualisation, styling, design, engineering, prototyping and manufacturing of auto components with focus on sheet metal, small mechanical assemblies for passenger cars, sports utility vehicles, commercial vehicles and others.

## KEY HIGHLIGHTS

### Integrated auto ancillary company

AIL is an integrated auto ancillary company that designs, engineers and manufactures autocomponents and assemblies. It has three segments viz medium & large stamped assembly, mechanical assembly/driver control systems, and concept, styling, design, analysis application software services. Under medium & large stamped assembly, the company offers complete floor, roof and door panel sub-assemblies, driver cabins and others. Under mechanical/ driver control systems, it offers pedal control systems, jack assemblies, parking brake levers, etc. Along with this, AIL offers automotive engineering services for concept, styling, product design and development.

### Commercial vehicle segment dominates AIL's revenue mix

The company, through its offerings of more than 400 auto components, serves makers of passenger cars, sports utility vehicles, commercial vehicles, two-wheelers, three-wheelers, tractors and others. AIL segments its revenue mix under four heads viz revenue generated from commercial vehicle segment, passenger cars, spare parts and others. In FY10, commercial vehicle segment contributed ~43% to revenues, passenger cars ~28%, spare parts ~1% and others ~28%.

### Acquisitions to support designing activities

In FY09, AIL acquired ~49% stake in the Italian companies SZ Design Srl and Zagato Srl. Zagato was established in 1919 and has designed cars for prestigious companies such as Ferrari, Maserati, Bugatti, Bentley, Rolls Royce, Jaguar and Lamborghini. AIL was primarily into engineering and manufacturing of auto components. However, this acquisition enables the company to complete its product development lifecycle by providing styling, modelling and prototype construction facilities.

## KEY RISKS

- Cyclical nature of the auto industry
- Increasing competition from domestic and international markets
- Volatility in raw material prices, mainly steel

## Stock Performances vis-À-vis market

	Returns			
	YTD	1-m	3-m	12-m
AUTOIND	21	-13	-18	9
NIFTY	5	-6	1	7

### Note:

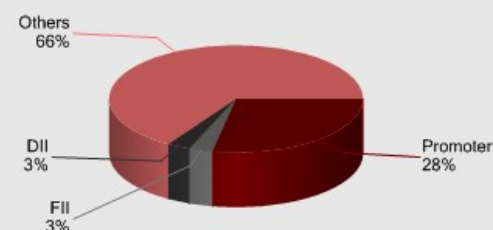
- 1) YTD returns are since Apr 1, 2010 to May 3, 2011.
- 2) 1-m, 3-m and 12-m returns are up to May 3, 2011

## Key Financial Indicators

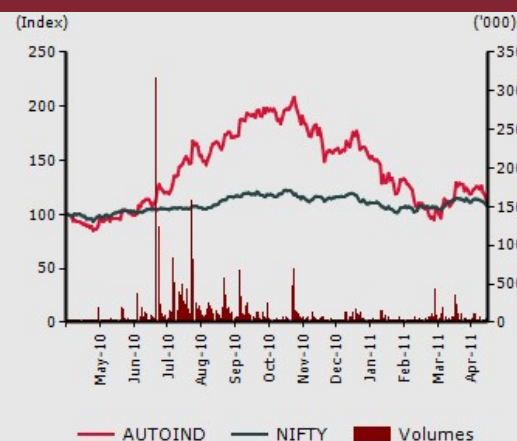
	MAR-08	MAR-09	MAR-10
Revenue (Rs mn)	3,100.5	3,236.2	4,216.7
EBITDA margins (%)	15.9	8.5	12.6
PAT (Rs mn)	316.7	66.2	217.0
PAT margins (%)	10.2	2.0	5.1
Gearing (x)	0.9	0.8	0.9
EPS (Rs/share)	28.9	5.4	17.8
PE (x)	6.3	9.9	8.1
P/BV (x)	1.5	0.3	0.8
RoCE (%)	22.2	5.4	10.5
RoE (%)	27.3	4.1	10.9
EV/EBITDA (x)	6.4	7.7	6.5

n.m. : Not meaningful

## Shareholding (As on March 31, 2011)



## Indexed price chart



## BACKGROUND

AIL was incorporated on December 16, 1996, as Autoline Stampings Pvt Ltd, after being set up in January 1995 as a partnership firm named Autoline Pressings. AIL is a medium-sized engineering and auto ancillary company which is into manufacturing of sheet metal components, sub-assemblies and assemblies for large original equipment manufacturers (OEMs) in the automobile industry. The company manufactures various auto parts and sheet metal components for passenger cars, sports utility vehicles, commercial vehicles, two-wheelers, three-wheelers, tractors and others. The company manufactures more than 400 products for various verticals of the auto industry. AIL has 11 manufacturing facilities and has design centres at Pune and Chennai in India and in the USA and Italy abroad. The company has a strong client base, which includes Tata Motors Ltd, Bajaj Auto Ltd, Mahindra & Mahindra Ltd and others. The company's revenue profile comprises revenue from the sale of auto components, engineering services (both domestic and export) and others. In FY10, revenue from the sale of auto components contributed ~98% to total revenues, while domestic engineering services and export engineering services contributed ~1% each.

## COMPETITIVE POSITION

### Peer Comparison

	Autoline Industries Ltd. Mar-10	India Nippon Electricals Ltd. Mar-10	Omax Autos Ltd. Mar-10	Pricol Limited Mar-10
Revenue (Rs mn)	4,216.7	1,698.9	8,656.1	8,023.5
EBITDA margins (%)	12.6	14.2	8.0	12.8
PAT (Rs mn)	217.0	171.5	174.6	239.6
PAT margins (%)	5.1	10.1	2.0	3.0
Gearing (x)	0.9	-	2.1	1.8
EPS (Rs/share)	17.8	21.2	8.2	2.7
PE (x)	8.1	12.8	5.4	7.0
P/BV (x)	0.8	1.5	0.5	1.0
RoCE (%)	10.5	17.4	11.4	14.6
RoE (%)	10.9	12.0	11.4	16.0
EV/EBITDA (x)	6.5	8.2	5.2	4.2

n.m: Not meaningful

## FINANCIAL PROFILE

### Strong growth in top line accompanied by margin expansion

Top line grew 30.3% year-on-year reaching Rs 4.2 bn, primarily on account of strong growth in the domestic auto industry. During the year, revenues from the sale of auto components grew ~24%, domestic engineering services grew ~74% and export engineering services grew ~10%.

EBITDA margin improved to 12.6% in FY10 from 8.5% in FY09 as a result of decline in material cost, manufacturing and other expenses as a percentage of total revenues.

PAT grew significantly — from Rs 66.2 mn in FY09 to Rs 217 mn in FY10 — mainly due to higher operating profit and an increase in income from sale of investments.

## INDUSTRY PROFILE

### Auto Component

The auto components industry production, in India, is estimated at around Rs 1212 billion in 2009-10. The industry has been reducing its dependence on the domestic automobile industry over the long term; it also continues to maintain its ability of being cost-competitive and technically proficient in niche segments. These factors along with foray of Indian auto component players in the international markets through acquisitions have enhanced the industry's popularity among international original equipment manufacturers (OEMs) in terms of their outsourcing needs. Currently, domestic OEMs account for around 67% of the total auto component production off take, whereas the replacement and export segments account for around 21% and 12%, respectively. The industry is largely fragmented with over 558 players operating in the organised segment and many unorganised players catering to the replacement demand. However, with auto OEMs adopting vendor rationalisation, proportion of the organised segment is likely to increase over the long term. In the long term, exports are expected to grow at a faster pace as global OEMs are expected to implement cost rationalisation strategies by increasing their sourcing from low cost regions. The bargaining power of players is moderate with OEM's and has been historically high in the replacement market. The technological edge of a particular auto component segment determines the bargaining power of its players. Further, players with higher exposure to replacement segment are able to have better margins given higher bargaining power in the segment. However, increasing competition from imports is impacting the ability to pass on input cost increases in replacement market as well.

### Key Financial Indicators

	Units	Mar-08	Mar-09	Mar-10
Revenue	Rs million	3,100.5	3,236.2	4,216.7
EBITDA margins	Per cent	15.9	8.5	12.6
PAT	Rs million	316.7	66.2	217.0
PAT margins	Per cent	10.2	2.0	5.1
Revenue growth	Per cent	86.3	4.4	30.3
EBITDA growth	Per cent	89.5	-44.5	94.2
PAT growth	Per cent	224.0	-79.1	227.5
Gearing	Times	0.9	0.8	0.9
RoCE	Per cent	22.2	5.4	10.5
RoE	Per cent	27.3	4.1	10.9

## ANNUAL RESULTS

### Income statement

(Rs million)	Mar-08	Mar-09	Mar-10
Net Sales	3,083.1	3,222.0	4,213.5
<b>Operating Income</b>	<b>3,100.5</b>	<b>3,236.2</b>	<b>4,216.7</b>
<b>EBITDA</b>	<b>493.0</b>	<b>273.8</b>	<b>531.8</b>
<b>EBITDA Margin</b>	<b>15.9</b>	<b>8.5</b>	<b>12.6</b>
Depreciation	53.3	121.4	168.3
Interest	61.2	77.2	122.8
Other Income	9.2	13.2	26.0
PBT	387.5	89.1	266.6
<b>PAT</b>	<b>316.7</b>	<b>66.2</b>	<b>217.0</b>
<b>PAT Margin</b>	<b>10.2</b>	<b>2.0</b>	<b>5.1</b>
No. of shares(Mn No.)	11.0	12.2	12.2
Earning per share(EPS)	28.9	5.4	17.8

### Cash flow

(Rs million)	Mar-08	Mar-09	Mar-10
Pre-tax Profit	387.8	88.5	266.8
Total tax paid	-32.8	-14.1	-33.0
Depreciation	53.3	121.4	168.3
Change in working capital	37.2	-549.8	-124.1
<b>Cash flow from operating activities</b>	<b>445.5</b>	<b>-354.0</b>	<b>278.0</b>
Capital expenditure	-1,759.0	-384.8	-453.6
Investments and others	-138.4	-85.0	-18.7
<b>Cash flow from investing activities</b>	<b>-1,897.4</b>	<b>-469.9</b>	<b>-472.3</b>
Equity raised/(repaid)	393.9	299.6	-3.1
Debt raised/(repaid)	871.9	210.9	340.1
Dividend (incl. tax)	-71.4	-14.3	-28.6
Others (incl extraordinary)	201.0	259.7	-22.1
<b>Cash flow from financing activities</b>	<b>1,395.4</b>	<b>755.9</b>	<b>286.3</b>
Change in cash position	-56.5	-68.0	92.0
Opening cash	156.2	99.6	31.6
Closing cash	99.6	31.6	123.6

n.m.: Not meaningful

## QUARTERLY RESULTS

### Profit and loss account

(Rs million)	Dec-10	% of Rev	Dec-09	% of Rev	Sep-10	% of Rev	Dec-10	% of Rev	Dec-09	% of Rev
No of Months	3		3		3		9		9	
<b>Revenue</b>	<b>1,101.9</b>	<b>100.0</b>	<b>664.1</b>	<b>100.0</b>	<b>1,044.5</b>	<b>100.0</b>	<b>3,109.2</b>	<b>100.0</b>	<b>1,808.3</b>	<b>100.0</b>
<b>EBITDA</b>	<b>129.4</b>	<b>11.7</b>	<b>96.1</b>	<b>14.5</b>	<b>135.0</b>	<b>12.9</b>	<b>402.4</b>	<b>12.9</b>	<b>217.8</b>	<b>12</b>
Interest	38.3	3.5	37.9	5.7	32.6	3.1	99.6	3.2	74.5	4.1
Depreciation	30.5	2.8	26.4	4	30.1	2.9	89.8	2.9	77.9	4.3
PBT	60.6	5.5	31.8	4.8	72.3	6.9	213.0	6.9	65.4	3.6
<b>PAT</b>	<b>50.6</b>	<b>4.6</b>	<b>31.8</b>	<b>4.8</b>	<b>50.3</b>	<b>4.8</b>	<b>181.0</b>	<b>5.8</b>	<b>65.4</b>	<b>3.6</b>

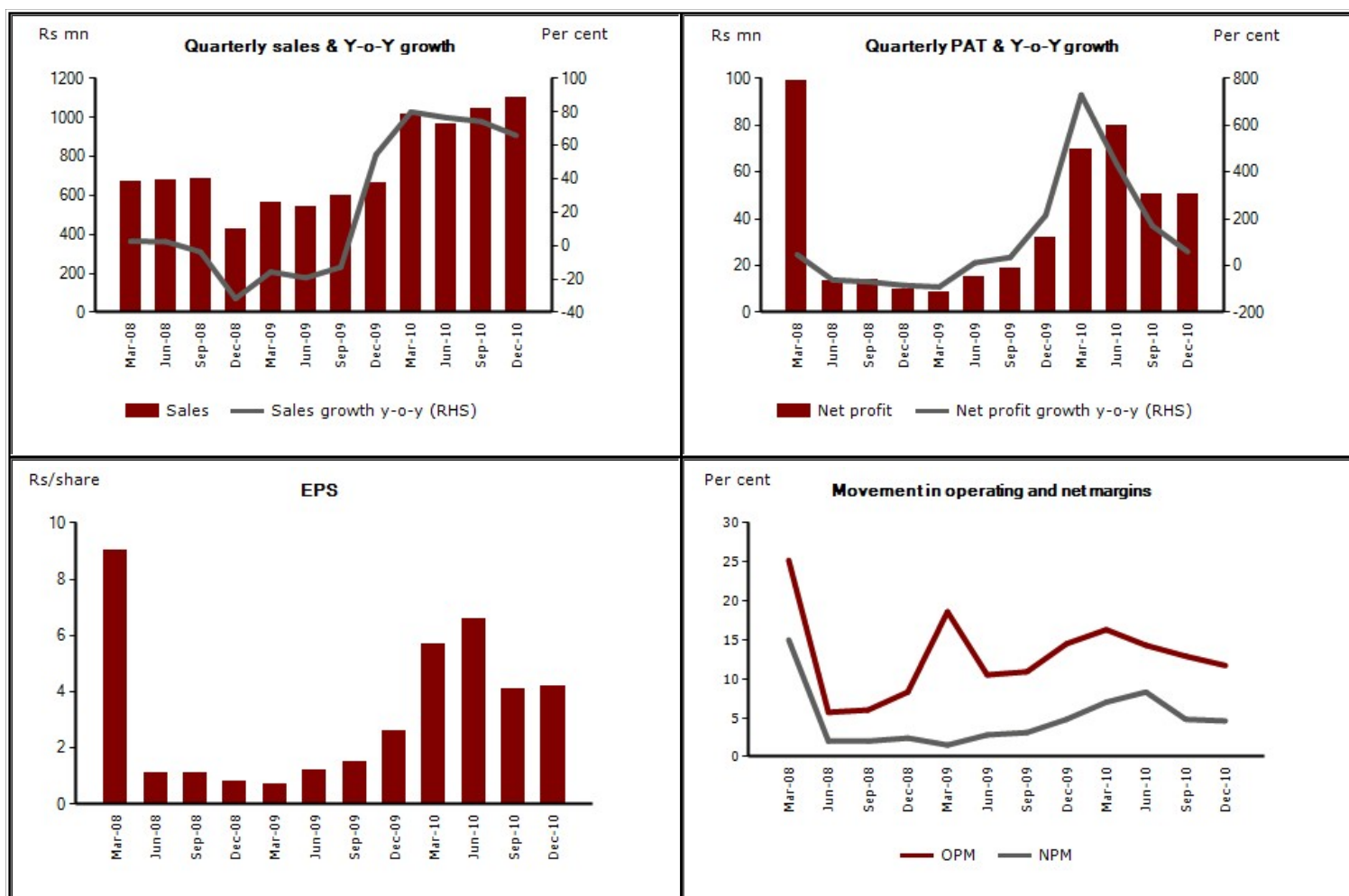
### Balance Sheet

(Rs million)	Mar-08	Mar-09	Mar-10
Equity share capital	125.2	149.0	122.0
Reserves and surplus	1,228.5	1,762.4	1,942.0
<b>Tangible net worth</b>	<b>1,353.7</b>	<b>1,911.4</b>	<b>2,064.0</b>
Deferred tax liability:   asset	50.8	59.4	76.1
Long-term debt	624.3	883.7	944.2
Short-term-debt	636.8	588.3	868.0
<b>Total debt</b>	<b>1,261.2</b>	<b>1,472.0</b>	<b>1,812.2</b>
Current liabilities	462.5	828.4	940.0
Total provisions	71.4	14.3	28.7
<b>Total liabilities</b>	<b>3,199.6</b>	<b>4,285.5</b>	<b>4,921.0</b>
Gross block	2,038.9	2,174.3	2,464.1
Net fixed assets	2,128.7	2,339.2	2,613.7
<b>Investments</b>	<b>140.2</b>	<b>225.2</b>	<b>243.9</b>
<b>Current assets</b>	<b>930.7</b>	<b>1,721.2</b>	<b>2,063.4</b>
Receivables	395.5	487.7	802.2
Inventories	255.8	308.2	336.2
Cash	99.6	31.6	123.6
<b>Total assets</b>	<b>3,199.6</b>	<b>4,285.6</b>	<b>4,921.0</b>

### Ratios

	Mar-08	Mar-09	Mar-10
Revenue growth(%)	86.3	4.4	30.3
EBITDA growth(%)	89.5	-44.5	94.2
PAT growth(%)	224.0	-79.1	227.5
EBITDA margins(%)	15.9	8.5	12.6
Tax Rate(%)	12.6	15.7	13.2
PAT margins(%)	10.2	2.0	5.1
Dividend payout(%)	22.5	21.6	13.2
Dividend per share(Rs)	6.5	1.2	2.3
BV(Rs)	123.6	156.6	169.1
Return on Equity(%)	27.3	4.1	10.9
Return on Capital employed(%)	22.2	5.4	10.5
Gearing(x)	0.9	0.8	0.9
Interest coverage(x)	8.1	3.5	4.3
Debt/EBITDA(x)	2.6	5.4	3.4
Asset turnover(x)	2.0	1.5	1.8
Current ratio(x)	0.9	1.3	1.2
Gross current assets(days)	106	188	179

## FOCUS CHARTS AND TABLES



### Shareholding pattern (Per cent)

	Jun 2010	Sep 2010	Dec 2010	Mar 2011
Promoters	26.7	26.8	28.1	28.2
FII	1.6	1.5	3.1	2.9
DII	-	1.0	1.2	3.1
Others	71.6	70.7	67.6	65.8

### Board of Directors

Directors Name	Designation
Prakash Baburao Nimbalkar	Chairman
Shivaji Tukaram Akhade	Managing Director, Promoter-Director
M.Puthenveetil Venugopal Nair Radhakrishnan	Jt. Managing Director, Promoter-Director
Ajit Balkrishna Karnik	Non-Executive Director
Abraham Mathai Koshy )	Non-Executive Director
Sudhir Vitthal Mungase	Promoter-Director
Neithilathe P.Raman Nair Ravindranathan	Non-Executive Director
Vijay Kantilal Thanawala	Non-Executive Director
Rakesh Jhunjunwala	Director

### Additional Disclosure

This report has been sponsored by NSE - Investor Protection Fund Trust (NSEIPFT).

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