

## Force Motors

Rs. 475

**TRAVELLER** Company

- Force Motors is a fully integrated automobile company, with expertise in design, development and manufacture of vehicles and the full spectrum of automotive components thanks to collaborations with leading global auto companies like Daimler, ZF, Bosch and MAN over the last five decades.
- Pioneer of the Light Commercial Vehicle (LCV) Industry in India that delivered iconic brands like the Tempo, Matador, Minidor and Traveller enjoying over 50% market share in the segment.
- Range includes Small Commercial Vehicles, Multi-Utility Vehicles (MUV), Light Commercial Vehicles (LCV), Sports Utility Vehicles (SUV) and Agricultural Tractors.
- Forayed into the passenger vehicle segment in 2011 with the Force One SUV which was met with muted response. The company is expanding its presence in this segment with the Force Gurkha, a niche off-road vehicle which is expected to be launched soon.
- The company has a long standing relationship with Mercedes-Benz and assembles engines and other aggregates for the entire range of Mercedes luxury cars assembled here. Mercedes is aggressively expanding its Indian product portfolio with the launch of more volume products and Force stands to be a big gainer.
- The company has plants in Pune and Madhya Pradesh and has proposed setting up a manufacturing facility in Tamil Nadu by early next year to manufacture and assemble engine-gearbox for BMW. Association with Global majors such as Mercedes and BMW is testament to the high standards of quality the company adheres to.
- In FY14, the company clocked revenues of Rs 2100 cr and net profit of Rs 80 cr. The company is debt free and asset rich with Rs 220 cr cash on the balance sheet and significant landholdings. At Rs 630 cr market cap, it is trading at nearly half its Book-Value!
- Investors' perception of the management has taken a beating, because of the purchase of an aeroplane for Rs 140 cr and paying Rs 25 Cr for charity, while the dividend pay-out was just Rs 4 Cr. We take it lightly as it looks like a one time hiccup!
- Bajaj holds 20% stake in the company and has been selling at the counter. It is a good opportunity for investors to accumulate.
- Promoters increasing their stake and Bajaj exiting are positive triggers for shareholder wealth creation. Stock looks deep value at just 0.3 times revenue!

### Stock Data

Market Cap (Cr):	630
Year high:	625
Year Low:	240
Book Value	930

### Shareholding Pattern

Promoter:	56.64%
Institutional Investors:	5.99%
Non-institutional Investors:	37.47%

### Financial Performance

	FY14	FY13
Revenue	2082	2017
Net Profit	78	14
EPS	59	11