



# IGARASHI MOTORS INDIA LIMITED

JULY 07, 2016

SECTOR AUTO ANCL AND  
COMPONENTS  
RECOMMENDATION

Buy @ 675, Target 775

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**DYNAMIC LEVELS™**





## Igarashi Motors: Offering Customized Engineered Solutions

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## Company's Overview and Stock Price

Igarashi Motors specializes in the design and manufacture of small, permanent magnet DC motors and gear motors. For over half a century, Igarashi Motors has been dedicated to providing quality product and service to their customers. Since their establishment in 1952, they have grown to include a large variety of

- DC motors
- Armatures
- High voltage motors
- Gear motors

to supply a complete range of products to best meet their customers' needs.

Motors are designed for a wide range of commercial and industrial applications, including power tools, home appliances, automotive, and business equipment products.

EXCHANGE SYMBOL	IGARASHI
Current Price * (Rs.)	686.45
Face Value (Rs.)	10
52 Week High (Rs.)	773.70 (05-Aug-15)
52 Week Low (Rs.)	375.00 (01-Mar-16)
Life Time high (Rs.)	773.70 (05-Aug-15)
Life Time low (Rs.)	6.60 (13-May-97)
Avg Daily Movement	26.76
Average Volume	44801
1 Month Return (%)	6.80
P/E Ratio (x)	32.86
Book Value	102.78
Market Cap	2093.01 (Cr)
% of Promoter pledged	0

Below is a Weekly chart of Igarashi Motors showing support at 650 levels.





## Company's Background

Igarashi Motors Ltd started in the year 1946 by Eiji Igarashi who established a private company in Kawasaki for the production and sales of D.C. motors for more than fifty years. In India the company was established in the year 1993 in a joint venture with Crompton Greave for development, production and sales of DC motors with accessory, and assembly service like end cap/ case/ armature.

## Global Network

Igarashi Motors has developed an international presence as a means of providing quality product to companies throughout the world. With sales offices, manufacturing facilities and distribution centers worldwide.

- China: Heng Gang Yat Yue Industrial.
- China: Heng Gang Igarashi Electrical Wor.
- U.S.A : Igarashi Motor Sales, LLC
- Germany : Igarashi Motoren
- India : CG Igarashi Motors Ltd
- China: Zhubai Igarashi Electric Wor.
- Japan : Hanamaki Nippa Industrial Ltd
- Japan: Igarashi Electric Wor. Ltd
- Hong Kong: Yat Yue Industrial Ltd
- Hong Kong: Igarashi Electric Wor. Ltd.

## Product overview

### Small Brushed DC Motors and Gear motors

Igarashi offers a wide variety of motors in different sizes and shapes. One can select their small and high performance motor from flat type, round type or geared motors.

The company is willing to develop or modify motors according to customer's specific requirements.

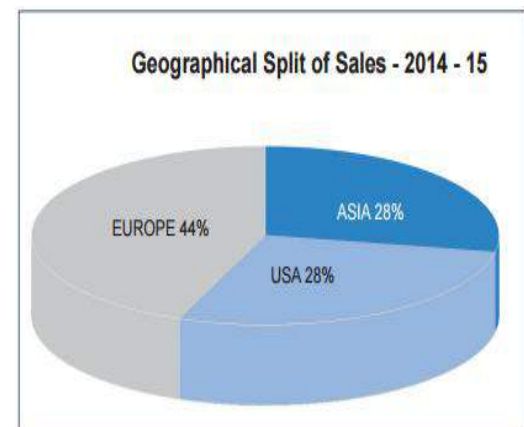
Motors produced by Igarashi are designed in accordance with ISO 9002 regulations to ensure quality products with optimal functionality. Before, during, and after production, their motors are subject to intense quality controls and testing methods to ensure reliability. Design FMEA and Process FMEA are extensively used to secure efficiency and dependability.

### Gear motors

Igarashi provides a wide range of high-performance gear motors to meet standard and custom requirements to the OEM market. Before, during, and after production, their motors are subject to intense quality controls and testing methods to ensure reliability. The catalog products listed below will guide you to specifications and information on gear motors. Once an inquiry is placed, each motor will be engineered to meet your specific requirements. Click on a category below to examine general specifications and engineering information on any of their products.

### Contract Assembly

Custom designs and value added components often lead to complete sub-assemblies and assemblies. Igarashi work with their network of suppliers to further facilitate the incorporation of their motor into their product by creating a complete assembly that can readily be adapted to production requirements.





## Industry Outlook

### GLOBAL AUTOMOTIVE INDUSTRY

Strategic discussions with Igarashi's Key Global Customers who are large players in the Global Automotive Industry highlight the following salient points:

a) The vehicle volume from the current 75 Million (In 2015) vehicles per annum is expected to cross 110 Million by 2022.

b) The share of automotive production in Asia was 33% in 2000 which went upto 50% in 2012 and is likely to be upwards of 55% by 2020. Vehicle sales in Europe are expected to remain stagnant between 15 to 18 Million annually and the main growth is expected in Asia pacific and to an extent, in Americas.

c) The fixed investments in automotive capacity in Asia pacific is estimated to be 60% of the total global investment

d) Out of the 110 Million vehicles estimated for 2022, approximately 90% is expected to be pure ICE vehicles ('Internal Combustion Engine') while the balance 10% will be a combination of electric vehicles and hybrid electrical vehicles.

Intensely analyzing the macro trends and the drivers for performance of vehicles, it still remains clear that fuel efficiency, emission control, safety, and comfort are the four prioritized performance features in any vehicle platform development initiative.

### ELECTRIC MOTORS

Actuators to manifest the aforementioned performance drivers in vehicles continue to remain a priority and discussions with Key customers indicate that the average number of electric motors per global vehicle will move up from 20 ~25 Electric motors per car to 35~40 Electric Motors per car in the next three to four years.

Power train space continues to remain important for introduction of electric & electronic version of actuators

in the areas of engine, exhaust, and turbocharger. Thermal management space is also gaining momentum.

Dynamics in development of electric motors for these actuators continue to remain Electric motor performance parameters, specifically related to New Technologies resulting in lower weight, smaller volume, lesser current consumption and favorable overall cost. Due to stringency of fuel efficiency and emission norms, electric motors for aforementioned actuators is likely to go up steadily over the next years from the present level of 1~ 2 motors average per global vehicle to 3 ~ 4 motors average per global vehicle.

The key applications, in this space continue to be Electronic Throttle Control valves in engines including air control valves, Exhaust gas recirculation valves, Waste gate actuators and Bypass valves in Turbo chargers & fluid control valves for thermal management applications. The market for these motors is estimated to grow at more than twice the rate of the vehicle growth.



## **Over all Industry Outlook**

The Indian auto-components industry has experienced healthy growth over the last few years. Some of the factors attributable to this include: a buoyant end-user market, improved consumer sentiment and return of adequate liquidity in the financial system.

The auto-components industry accounts for almost seven per cent of India's Gross Domestic Product (GDP) and employs as many as 19 million people, both directly and indirectly. A stable government framework, increased purchasing power, large domestic market, and an ever increasing development in infrastructure have made India a favourable destination for investment.

## **Market Size**

The Indian auto-components industry can be broadly classified into the organised and unorganised sectors. The organised sector caters to the Original Equipment Manufacturers (OEMs) and consists of high-value precision instruments while the unorganised sector comprises low-valued products and caters mostly to the aftermarket category.

Over the last decade, the automotive components industry has scaled three times to US\$ 40 billion in 2015 while exports have grown even faster to US\$ 11 billion. This has been driven by strong growth in the domestic market and increasing globalisation (including exports) of several Indian suppliers.

According to the Automotive Component Manufacturers Association of India (ACMA), the Indian auto-components industry is expected to register a turnover of US\$ 100 billion by 2020 backed by strong exports ranging between US\$ 80- US\$ 100 billion by 2026, from the current US\$ 11.2 billion.

## **Government Initiatives**

The Government of India's Automotive Mission Plan (AMP) 2006–2016 has come a long way in ensuring growth for the sector. It is expected that this sector's contribution to the GDP will reach US\$ 145 billion in 2016 due to the government's special focus on exports of small cars, multi-utility vehicles (MUVs), two and three-wheelers and auto components. Separately, the deregulation of FDI in this sector has also helped foreign companies to make large investments in India.



## Investments

The cumulative Foreign Direct Investment (FDI) inflows into the Indian automobile industry during the period April 2000 – December 2015 were recorded at US\$ 14.32 billion, as per data by the Department of Industrial Policy and Promotion (DIPP).

Some of the major investments made into the Indian auto components sector are as follows:

- Auto components maker Bharat Forge Ltd (BFL), the flagship company of the US\$ 3 billion Kalyani Group, has formalised agreement with Rolls-Royce Plc which will supply BFL with critical and high integrity forged and machined components
- Canada's Magna International Incorporated has started production at two facilities in Gujarat's Sanand, which will supply auto parts to Ford Motor Co in India
- Everstone Capital, a Singapore-based private equity (PE) firm, has purchased 51 per cent in Indian auto components maker SJS Enterprises for an estimated Rs 350 crore (US\$ 51.35 million).
- ArcelorMittal signed a joint venture agreement with Steel Authority of India Ltd (SAIL) to establish an automotive steel manufacturing facility in India.
- German auto components maker Bosch Ltd opened its new factory at Bidadi, near Bengaluru, which is its fifth manufacturing plant in Karnataka. The company has also signed a memorandum of understanding (MoU) with Indian Institute of Science (IISc), Bengaluru with a view to strengthen Bosch's research and development in areas including mobility and healthcare thereby driving innovation for India-centric requirements.
- French tyre manufacturer Michelin announced plans to produce 16,000 tonnes of truck and bus tyres from its Indian facility this year, a 45 per cent rise from last year.
- Amtek Auto Ltd acquired Germany-based Scholz Edelstahl GmbH through its 100 per cent Singapore-based subsidiary Amtek Precision Engineering Pte Ltd.
- MRF Ltd plans to invest Rs 4,500 crore (US\$ 660.231 million) in its two factories in Tamil Nadu as part of its expansion plan.
- German luxury car maker Bayerische Motoren Werke AG's (BMW 's) announced it will start sourcing parts from at least seven India-based auto parts makers in response to promote 'Make in India'.
- Hero MotoCorp is investing Rs 5,000 crore (US\$ 733.59 million) in five manufacturing facilities across India, Colombia and Bangladesh, to increase its annual production capacity to 12 million units by 2020.



## Company Financials

In Crs.	Mar'16	Mar'15	Growth %
	Annual	Annual	
Net Sales/Income from operations	444.98	385.08	15.56%
Increase/Decrease in Stocks	0.35	-0.95	
Consumption of Raw Materials	265.14	246.87	7.40%
Employees Cost	31.84	27.68	15.03%
Depreciation	18.96	18.80	
Other Expenses	40.63	32.43	
Total Expenditure	356.92	324.83	9.88%
Operating Profit	88.06	60.25	46.16%
Other Income	14.30	17.14	
P/L Before Int., Excpt. Items & Tax	102.37	77.39	
Interest	5.01	5.74	-12.72%
P/L Before Exceptional Items & Tax	97.36	71.65	
Tax	33.72	22.70	
PAT	63.64	48.95	30.01%
Equity Share Capital	30.61	30.61	
Reserves	263.81	220.34	
Equity Dividend Rate (%)	55.00	44.40	23.87%
EPS (Rs.)	20.79	16.01	29.86%

- Company's revenue has jumped by 15.56% annually from Rs. 385.08 to Rs. 444.98 compared to growth of 6.60 in FY15.
- Company's cost of raw material has gone up by 7.40%.
- Company has very less interest outgo and has further lowered down the same in last year.
- Operating profit has jumped by 46.16% annually from Rs. 60.25 crore to Rs. 88.06 crore.
- Net profit jumped by 30.01% annually from Rs. 48.95 crore to Rs. 63.64 crore.
- Company.
- Company dividend payout has increased by 23.87%.





## Balance sheet

Consolidated (in Cr.)	Mar'15	Mar'14	Mar'13	Mar'12	Mar'11
	Annually	Annually	Annually	Annually	Annually
<b>EQUITIES AND LIABILITIES</b>					
<b>SHAREHOLDERS FUNDS</b>					
Equity Share Capital	30.61	30.45	20.42	20.39	20.37
Total Share Capital	30.61	30.45	20.42	20.39	20.37
Reserves and Surplus	220.34	188.82	102.32	80.82	63
Total Reserves and Surplus	220.34	188.82	102.32	80.82	63
<b>Total Share holders' Funds</b>	<b>250.95</b>	<b>219.27</b>	<b>122.74</b>	<b>101.22</b>	<b>83.38</b>
<b>NON-CURRENT LIABILITIES</b>					
Long Term Borrowings	41.7	37.33	45.17	41.45	15.02
Deferred Tax Liabilities [Net]	8.93	10.23	10.25	8.25	8.75
<b>Total Non-Current Liabilities</b>	<b>50.63</b>	<b>47.56</b>	<b>55.41</b>	<b>49.7</b>	<b>23.77</b>
<b>CURRENT LIABILITIES</b>					
Short Term Borrowings	0	3	21.26	31.32	12.05
Trade Payables	68.23	43.06	44.61	45.37	35.46
Other Current Liabilities	29.99	26.27	19.71	17.62	49.12
Short Term Provisions	40.61	20.57	6.75	2.92	1.08
Total Current Liabilities	138.83	92.89	92.34	97.23	97.7
<b>Total Capital And Liabilities</b>	<b>440.41</b>	<b>359.72</b>	<b>270.49</b>	<b>248.15</b>	<b>204.86</b>
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Tangible Assets	119.18	122.77	121.51	105.74	84.22
Intangible Assets	1.88	2.9	0.49	0.74	1.37
Capital Work-In-Progress	0.56	1.14	3.06	5.73	0.09
Intangible Assets Under Development	0.65	0	0	0.71	1.01
Fixed Assets	122.26	126.82	125.06	112.92	86.69
Non-Current Investments	26.13	21.19	28.62	28.62	28.62
Long Term Loans And Advances	3.38	3.5	1.97	2.28	3.51
<b>Total Non-Current Assets</b>	<b>151.77</b>	<b>151.51</b>	<b>155.64</b>	<b>143.81</b>	<b>118.82</b>
<b>CURRENT ASSETS</b>					
Inventories	33.06	24.65	22.18	16.37	18.23
Trade Receivables	78.52	69.64	61.86	56.78	30.06
Cash And Cash Equivalents	91.14	40.13	5.7	6.14	5.52
Short Term Loans And Advances	85.92	73.8	25.11	25.05	32.23
Total Current Assets	288.64	208.22	114.84	104.34	86.04
<b>Total Assets</b>	<b>440.41</b>	<b>359.72</b>	<b>270.49</b>	<b>248.15</b>	<b>204.86</b>

From above table we can see that company was suffering with insufficiency of cash which it has overcome in last 2 year with huge increase in cash and cash equivalent.



## Cash Flow

Product Name	Mar'15	Mar'14	Mar'13	Mar'12	Mar'11
<b>Net Profit/Loss Before Extraordinary Items And Tax</b>	<b>71.65</b>	<b>50.14</b>	<b>29.36</b>	<b>17.77</b>	<b>7.07</b>
Net Cash Flow From Operating Activities	59.10	45.14	56.06	23.77	-1.14
Net Cash Used In Investing Activities	-14.19	-30.45	-23.75	-36.88	-27.43
Net Cash Used From Financing Activities	-6.13	19.94	-32.99	13.22	30.09
Foreign Exchange Gains / Losses	0.00	0.00	0.00	0.00	0.00
Adjustments on Amalgamation / Merger / Demerger / Others	0.00	0.00	0.00	0.00	0.00
<b>Net Inc/Dec In Cash And Cash Equivalents</b>	<b>38.79</b>	<b>34.63</b>	<b>-0.68</b>	<b>0.11</b>	<b>1.53</b>
Cash And Cash Equivalents Begin of Year	36.70	2.07	2.75	2.65	1.12
Cash And Cash Equivalents End Of Year	75.48	36.70	2.07	2.75	2.65

- Company has a positive operating cash flow

## Key Financial Ratios

Key Financial Ratios of Igarashi Motors				
	Mar'15	Mar'14	Mar'13	Mar'12
<b>Per Share Ratios</b>				
Diluted EPS (Rs.)	16.01	20.14	10.25	8.1
Cash EPS (Rs.)	22.13	20.28	17	13.6
Book Value	81.99	72.02	60.11	49.63
Dividend / Share(Rs.)	4.44	3	0	0
PBDIT/Share (Rs.)	31.43	25.24	26.82	20.91
PBT/Share (Rs.)	23.41	19.18	14.38	8.71
Net Profit/Share (Rs.)	15.99	15.16	10.46	8.11
<b>Profitability Ratios</b>				
PBDIT Margin (%)	24.97	21.27	18.83	15.87
Net Profit Margin (%)	12.71	12.77	7.34	6.15
Return on Networth / Equity (%)	19.5	21.04	17.39	16.34
Return on Capital Employed (%)	16.23	17.29	11.98	10.96
Return on Assets (%)	11.11	12.82	7.89	6.66
Total Debt/Equity (X)	0.17	0.18	0.54	0.72
Asset Turnover Ratio (%)	87.43	100.41	107.5	108.21
<b>Liquidity Ratios</b>				
Current Ratio (X)	2.08	2.24	1.24	1.07
Quick Ratio (X)	1.84	1.98	1.00	0.9
Inventory Turnover Ratio (X)	11.65	14.65	13.11	16.4
Dividend Payout Ratio (NP) (%)	27.82	19.79	0.00	0.00
<b>Valuation Ratios</b>				
Enterprise Value (Cr.)	1,137.25	518.99	170.99	156.78
EV/EBITDA (X)	11.82	6.75	3.12	3.68
Market Cap/Net Operating Revenue (X)	3.08	1.44	0.38	0.34
Price/BV (X)	4.73	2.37	0.90	0.89
Price/Net Operating Revenue	3.08	1.44	0.38	0.34



## Peer Comparison

SL	INSTRUMENT	Price	Avg. Volume	Market Cap (Rs. in Cr)
1	JBM AUTO	137.25	21780	566
2	JAY BHARAT MARUTI	155.00	14754	331
3	MUNJAL SHOWA	184.05	35930	733
4	WHEELS INDIA	1168.00	22809	1418
5	SSWL	483.15	24490	753
6	<b>IGARASHI</b>	<b>683.00</b>	<b>43021</b>	<b>2094</b>
7	HINDUSTAN COMPOSITES	1162.50	518	563
8	FIEM INDUSTRIES	991.95	25691	1176
9	GABRIEL INDIA	95.45	211223	1350
10	BANCO PRODUCTS	157.65	242138	1111
11	PRICOL	82.70	1959977	786
12	APCOTEX	377.45	22188	777

Company has good average volume and huge market capitalization this give liquidity to the share price of the stock. Therefore less impact cost is incurred.

SL	INSTRUMENT	Price	% Pledged	% FII Holding	P/E Ratio (X)
1	JBM AUTO	137.25	0.00	2.49	10.83
2	JAY BHARAT MARUTI	155.00	0.00	0.01	8.21
3	MUNJAL SHOWA	184.05	0.00	1.18	12.01
4	WHEELS INDIA	1168.0	0.00	0.01	35.07
5	SSWL	483.15	5.54	0.18	12.25
6	<b>IGARASHI</b>	<b>683.00</b>	<b>0.00</b>	<b>0.46</b>	<b>32.93</b>
7	HINDUSTAN COMPOSITES	1162.50	0.00	0.00	14.58
8	FIEM INDUSTRIES	991.95	0.00	8.1	20.31
9	GABRIEL INDIA	95.45	0.00	10.81	17.88
10	BANCO PRODUCTS	157.65	0.00	0.03	12.37
11	PRICOL	82.70	0.00	0.00	18.17
12	APCOTEX	377.45	0.00	0.00	31.37

Igarashi motors is top stock among its peer company and is trading at huge PE multiple of 32.93. As this sector has huge potential with good Net Profit margin expensive PE multiple will not be a big problem for the company.



SL	INSTRUMENT	Price	Debt Equity Ratio (X)	Int. Coverage Ratio (X)
1	JBM AUTO	137.25	1.50	5.59
2	JAY BHARAT MARUTI	155.00	0.50	5.29
3	MUNJAL SHOWA	184.05	0.00	302.54
4	WHEELS INDIA	1168.00	0.83	2.59
5	SSWL	483.15	1.41	3.10
6	<b>IGARASHI</b>	<b>683.00</b>	<b>0.17</b>	<b>16.75</b>
7	HINDUSTAN COMPOSITES	1162.50	0.01	228.01
8	FIEM INDUSTRIES	991.95	0.38	8.60
9	GABRIEL INDIA	95.45	0.02	22.04
10	BANCO PRODUCTS	157.65	0.03	18.51
11	PRICOL	82.7	0.28	-0.44
12	APCOTEX	377.45	0.23	14.51

Igarashi has very low debt therefore company does not have huge financial obligation.

SL	INSTRUMENT	Price	PAT MAR'16 Quarterly	PAT DEC'15 Quarterly	PAT JUN'15 Quarterly
1	JBM AUTO	137.25	11.07	9.46	20.86
2	JAY BHARAT MARUTI	155.00	12.69	9.79	7.97
3	MUNJAL SHOWA	184.05	13.91	14.46	17.73
4	WHEELS INDIA	1168.00	16.97	5.98	7.77
5	SSWL	483.15	18.49	15.51	12.15
6	<b>IGARASHI</b>	<b>683.00</b>	<b>18.55</b>	<b>14.73</b>	<b>15.62</b>
7	HINDUSTAN COMPOSITES	1162.50	18.86	6.66	5.74
8	FIEM INDUSTRIES	991.95	19.45	15.67	9.52
9	GABRIEL INDIA	95.45	20.93	17.56	17.46
10	BANCO PRODUCTS	157.65	21.57	15.45	27.93
11	PRICOL	82.70	22.07	16.71	1.64
12	APCOTEX	377.45	22.42	4.68	6.10

Igarashi Quarterly performance is increasing which shows good financial strength.

SL	INSTRUMENT	1M%	3M%	6M%	1Y%	Movt Post Budget%
1	APCOTEX	-1.55	76.87	64.20	47.22	97.37
2	PRICOL	16.01	82.91	107.63	158.01	85.78
3	<b>IGARASHI</b>	<b>6.93</b>	<b>11.13</b>	<b>5.41</b>	<b>22.03</b>	<b>73.12</b>
4	BANCO PRODUCTS	13.56	39.85	11.37	65.74	68.26
5	SSWL	8.18	28.46	18.40	63.11	67.37
6	WHEELS INDIA	-3.41	25.98	12.00	-5.30	47.82
7	FIEM INDUSTRIES	17.96	14.43	34.58	69.38	41.85
8	JAY BHARAT MARUTI	3.27	16.36	-0.87	2.58	28.48
9	GABRIEL INDIA	3.81	3.87	2.68	21.62	22.73
10	MUNJAL SHOWA	2.83	7.04	-7.19	2.63	20.64
11	HINDUSTAN COMPOSITES	3.01	41.34	-0.63	11.49	18.79
12	JBM AUTO	-1.00	-0.96	-26.2	-22.45	10.25

Igarashi Motors was top performer stock after Union Budget 2015-16



## Shareholding Pattern

Shareholding Pattern	Mar'16	Dec'15	Sep'15	Jun'15	Mar'15
<b>Promoter and Promoter Group (%)</b>	85.85	85.85	53.25	74.52	74.52
Indian	74.52	74.52	41.92	74.52	74.52
Foreign	11.33	11.33	11.33	NIL	NIL
<b>Institutions (%)</b>	3.02	2.73	2.77	2.61	2.86
FII	0.46	0.45	1.02	0.20	0.80
DII	2.56	2.29	1.75	2.41	2.06
<b>Non Institutions (%)</b>	11.13	11.42	43.98	22.87	22.63
Bodies Corporate	NIL	NIL	1.80	13.35	13.04
Others	11.13	11.42	42.19	9.52	9.59
Custodians	NIL	NIL	NIL	NIL	NIL
<b>Total no. of shares (cr.)</b>	3.06	3.06	3.06	3.06	3.06

FII & DII has minimal percentage of holding.

### Persons holding securities more than 1%

Particular	Category	Mar'16	Dec'15	Sep'15	Jun'15	Mar'15
AGILE ELECTRIC SUB ASSEMBLY PVT LTD	Promoters	41.92	41.92	41.92	41.92	41.92
MUKUND P	Promoters	32.6	32.6	32.6	32.6	32.6
M S IGARASHI ELECTRIC WORKS H.K. LTD	Promoters	8.17	8.17	8.17	8.17	8.17
IGARASHI ELECTRIC WORKS LIMITED, JAPAN	Promoters	3.16	3.16	3.16	3.16	3.16
IDFC Equity Opportunity Series - 1	Non Promoters	NIL	1.58	1.75	1.75	2.01

### COMPANY PROFILE OF IGARASHI, NSE, INDIA

Date of Incorporation	10-Jan-92
Date of Listing	19-May-95

#### Management

Name	Designation
Hemant Madhusudan Nerurkar	Chairman
Keiichi Igarashi	Director
Radhakrishna	Director
S Radhakrishnan	Director
K K Nohria	Ind. Non-Executive Director
P Mukund	Managing Director

#### Registered Office Address

Plots No. B-12 To B-15, Phase II, MEPZ -  
SEZ, Tambaram, 600045, Chennai (Madras), Tamil  
Nadu, India

<b>Website</b>	<a href="http://www.igarashimotors.com">http://www.igarashimotors.com</a>
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## Investment Rationale

- Strong share price performance post budget, stock price has rose by 73.12% from 28<sup>th</sup> Feb 2016.
- Highest market capitalization among its peers, Igarashi has huge market capitalization of 2094 crs.
- Domestic institution are gradually attracting towards the company
- Igarashi has very less debt to equity ratio of 0.17 and good interest coverage ratio of 16.75
- Continuous increasing positive cash flow from operating activities
- Company's revenue has jumped by 15.56% annually from Rs. 385.08 to Rs. 444.98 compared to growth of 6.60 in FY15.
- Company has very less interest outgo which has further lowered down in last year.
- Operating profit has jumped by 46.16% annually from Rs. 60.25 crore to Rs. 88.06 crore.
- Net profit jumped by 30.01% annually from Rs. 48.95 crore to Rs. 63.64 crore.
- Igarashi has Operating profit margin of 19.78% for FY15-16
- Igarashi has Net profit margin of 14.33% for FY15-16
- Company has developed an international presence to provide its quality product and services worldwide.

***We recommend BUY in Igarashi Motor @ 675 with the target of 775.***



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