

Automotive Segment tailwinds are getting international

The automotive components industry continues to benefit from strong structural drivers including rising income levels, expanding infrastructure, urbanization and increasing mobility demand. These factors contribute to sustained growth in vehicle production and consequently support demand for automotive components. While electrification is gradually gaining traction, ICE (engines) are expected to remain a significant part of the vehicle mix in the medium term, particularly in segments such as commercial and passenger vehicles. Hybrid technologies, which combine electric motors with internal combustion engines, continue to rely on pistons and piston rings, ensuring continued relevance for the company's products. Additionally, regulatory developments such as tighter emission standards, improved fuel economy requirements and vehicle safety regulations are increasing the technological complexity of automotive components. These changes often require higher precision and advanced engineering solutions, which favor established manufacturers with strong technical capabilities. Hence, as a supplier of critical engine components, the company is well positioned to benefit from the expansion of the automotive ecosystem.

Access to Advanced Technology Through Global Parentage

The company benefits from being part of the global automotive ecosystem of Tenneco, a leading Tier-1 supplier with deep capabilities across powertrain components, performance solutions and the global aftermarket. Tenneco operates a broad global network of engineering centers, R&D facilities and manufacturing plants across key automotive hubs. Through this association, Federal-Mogul has developed deep expertise in advanced engine technologies and emission control solutions across global automotive markets. Being part of a global automotive component group provides Federal-Mogul Goetze (India) with access to advanced engineering knowledge, research capabilities and manufacturing technologies. This access enables the Indian operations to adopt global best practices in product design, material science and precision manufacturing. Through its parent organization, the company can leverage ongoing technological developments that support the production of high-performance engine components. Furthermore, the global group provides managerial expertise and operational guidance that helps align local operations with international standards. This alignment ensures that products manufactured in India meet the quality and performance expectations of global automotive manufacturers. The ability to leverage global technology while maintaining localized manufacturing efficiency strengthens the company's competitiveness within both domestic and export markets. Such technological integration also allows the company to remain responsive to emerging trends in engine design and regulatory compliance. As automotive technologies continue to evolve, the support of a global parent provides a strategic advantage in maintaining product innovation and operational excellence. Also, recent board changes at Federal-Mogul Goetze (India) reflect a phase of board refresh and leadership transition, with the induction of new directors alongside the exit of several long-tenured members. The board continues to include representation linked to the global parent ecosystem of Tenneco and Federal-Mogul, supporting alignment with the group's global operational and governance framework.

We initiate BUY with a price target of Rs. 686

The company operates in a niche and technologically intensive segment of the automotive component industry, benefits from structural growth in India's automotive sector and the continued relevance of internal combustion engines and hybrid powertrains over the medium term. Its long operating history, strong OEM relationships and integration within the automotive supply chain create meaningful entry barriers and stable demand visibility. Additionally, the company derives technological strength from its association with global automotive supplier Tenneco and Federal-Mogul, while maintaining a diversified revenue mix across vehicle segments and sales channels. Hence, we value Federal-Mogul Goetze (India) at **15x FY28E EPS**, reflecting its strong technological capabilities, entrenched OEM relationships and resilient business model.

23 April 2026

Company Data

BUY

Ticker/CMP	FMGOETZE / Rs. 440
Price Target Upside%	Rs. 686 54%
Market Cap	Rs. 2,468 Cr.
Stock P/E	12.9
Dividend Yield	0%
Outstanding shares	5.56 Cr.
Free Float	25%
52w High/Low	622 / 320

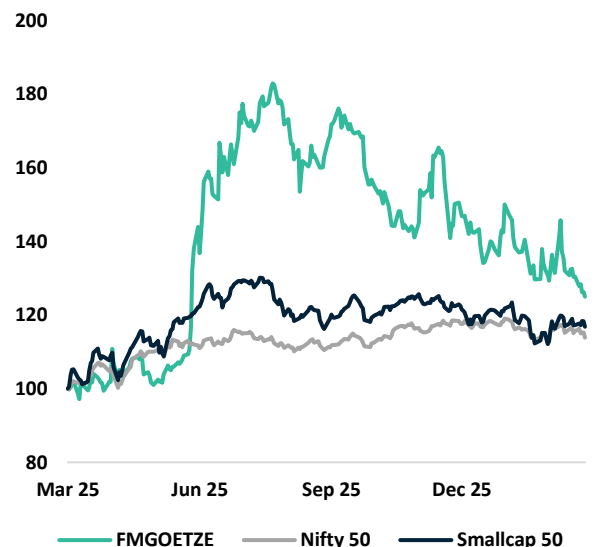
Shareholding Pattern %

	June 25	Sep 25	Dec 25
Promotor	74.98	74.98	74.98
FII	0.44	0.68	0.54
DII	0.35	0.43	0.45
Mutual Funds	0.00	0.00	0.00
Retail	24.23	23.90	24.02

Key Financial Data

(Rs. Crore)	FY25	FY26 F	FY27 F	FY28 F
Revenue	1,800	1,982	2,080	2,177
EBIT	197	235	246	261
EBIT Margin%	11%	12%	12%	12%
Net Profit	170	198	231	254
Net Profit Margin%	9%	10%	11%	12%
EPS	30.54	35.63	41.51	45.70
Total Assets	1,762	1,955	2,233	2,500
ROE%	13%	13%	13%	13%

Stock VS Index Performance



Strong Industry Position Supported by Deep OEM Integration

The company operates in a specialized segment of the automotive component industry that requires high precision engineering, metallurgical expertise and strict quality standards. The manufacturing of pistons and piston rings involves complex machining processes and tight tolerances to withstand extreme temperature and pressure conditions inside internal combustion engines. With more than five decades of operations, the company has developed strong technical capabilities and process expertise, creating meaningful entry barriers for potential competitors. Replicating such capabilities requires significant investment in technology, tooling and skilled manpower. Automotive OEMs typically prefer long-term relationships with proven suppliers because integrating engine components into vehicle platforms involves extensive testing and validation. Once a supplier is approved and integrated into an OEM platform, switching vendors becomes costly and operationally complex. The company is deeply integrated within the automotive manufacturing ecosystem through its role as a Tier-1 supplier to vehicle manufacturers and engine producers. This integration involves close collaboration during product development and testing, which strengthens interdependence between suppliers and OEMs. A significant portion of OEM sales operates under arrangements where raw materials are sourced from OEM-approved suppliers, allowing fluctuations in input prices to be passed on to customers and protecting margins from commodity volatility. Over time, the company has built a reputation for supplying reliable components that improve engine efficiency, durability and emission performance, reinforcing its position within the automotive supply chain.

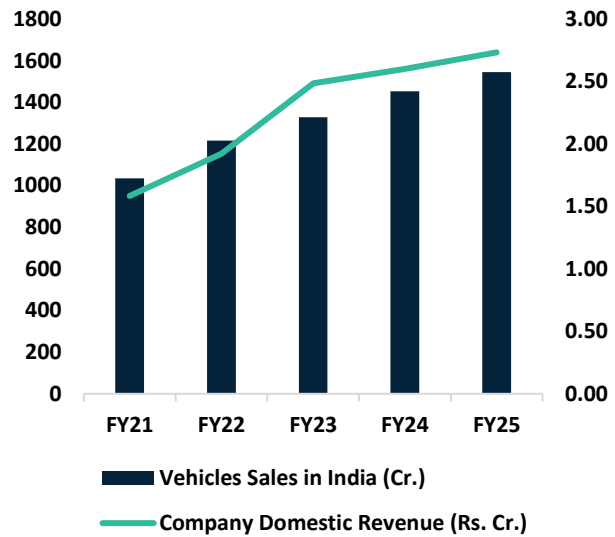
Balanced Revenue Mix Across Vehicle Segments and Channels

The company benefits from a diversified revenue mix across multiple automotive segments and distribution channels. The company supplies engine components used in commercial vehicles, passenger vehicles, off-highway equipment and two-wheelers, allowing it to capture demand from several areas of the automotive industry. Different vehicle categories often experience varying demand cycles, and this diversification reduces dependence on any single segment and benefits from a broader base of automotive demand. In addition to OEM sales, the company generates revenue through aftermarket channels supported by a network of distributors and dealers. Aftermarket demand arises from the installed base of vehicles requiring maintenance and replacement parts over time. This source of demand is structurally different from OEM production cycles because it depends primarily on the number of vehicles already in operation rather than new vehicle sales. The company also participates in export markets, which provides geographic diversification and access to international automotive demand. The combination of multiple vehicle segments, OEM and aftermarket channels, and export markets contributes to a diversified revenue structure. Such diversification enhances resilience during periods of industry fluctuation and supports steady business performance over time.

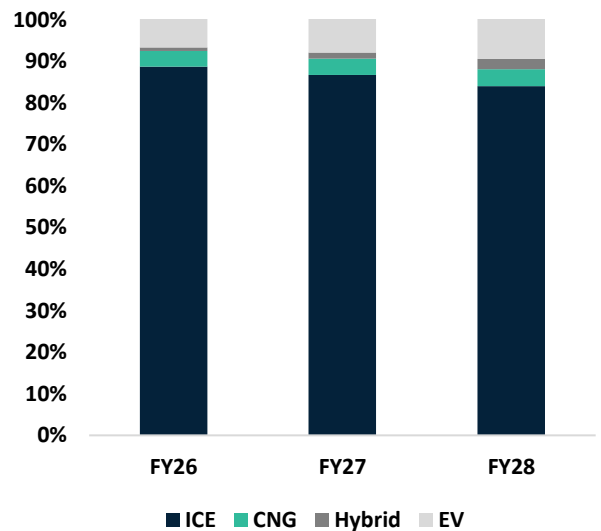
Financial Discipline and Conservative Capital Structure

The financial profile of the company reflects a disciplined approach to capital management and operational funding. The company maintains a conservative financial structure characterized by low reliance on external borrowings. This disciplined approach reduces financial risk and limits exposure to interest rate fluctuations. Over time, the company has expanded its operational scale while improving profitability margins, reflecting effective cost management and operational efficiency. Strong internal cash generation allows the company to fund capital expenditure requirements without significant dependence on external financing. These investments are directed toward modernization of manufacturing facilities, adoption of precision equipment and technological upgrades. Maintaining a strong balance sheet also enhances credibility with customers and suppliers who value financial stability in supply chain partners. The company's disciplined capital management supports sustainable growth while preserving balance sheet strength.

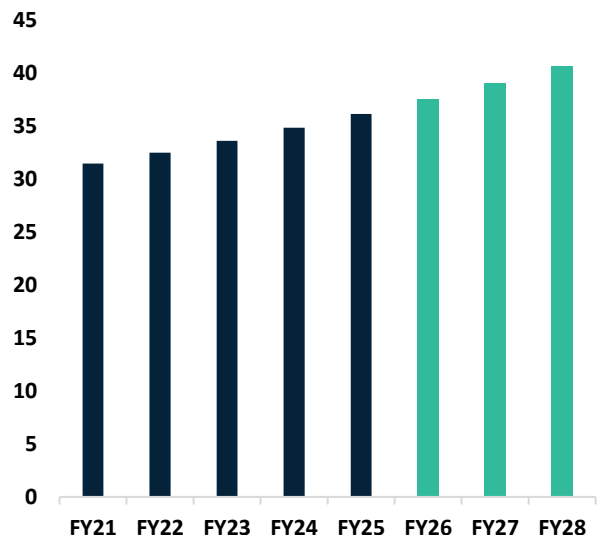
Total Vehicles Sales V/S Company's Revenue



Powertrain Mix Outlook



Installed ICE Vehicle Base in India



Income Statement

In ₹Crore

Particulars	FY21	FY22	FY23	FY24	FY25	FY26 F	FY27 F	FY28 F
Revenue	1,107	1,343	1,634	1,696	1,800	1,982	2,080	2,177
COGS	(368)	(485)	(650)	(630)	(660)	(739)	(761)	(796)
Gross Margins	739	858	984	1,066	1,141	1,243	1,319	1,380
Employee Expenses	(298)	(325)	(344)	(376)	(396)	(421)	(449)	(470)
Other Expenses	(316)	(370)	(430)	(452)	(461)	(504)	(541)	(566)
EBITDA	125	163	209	238	284	319	329	344
Depreciation and Amortisation	(84)	(87)	(84)	(85)	(87)	(83)	(83)	(83)
EBIT	42	76	126	154	197	235	246	261
Interest Expense	(2)	(4)	(4)	(5)	(6)	(5)	(5)	(6)
EBT From Core	40	72	122	149	191	230	240	255
Total Gain/Loss from non-core	(32)	9	19	32	44	35	68	84
Total EBT	8	81	141	181	235	265	309	340
Taxes	(3)	(22)	(34)	(47)	(65)	(67)	(78)	(86)
Profit After Tax	5	59	107	133	170	198	231	254
EPS	0.89	10.57	19.30	23.97	30.54	35.63	41.51	45.70

Cashflow Statement

In ₹Crore

Particulars	FY21	FY22	FY23	FY24	FY25	FY26 F	FY27 F	FY28 F
Net Profit Before Tax	8	81	141	181	235	265	309	340
Adjustments	124	88	79	73	69	39	20	4
Change In Working Capital	40	(38)	27	(49)	(31)	(66)	42	(11)
Income Taxes Paid	(19)	(20)	(37)	(45)	(52)	(67)	(78)	(86)
Cashflow From Operating Activities	152	111	210	160	221	171	293	248
Payments For PP&E	(59)	(95)	(100)	(80)	(47)	(125)	(110)	(114)
Other Investing Activities	39	(35)	42	18	30	75	95	111
Cashflow From Investing Activities	(20)	(130)	(58)	(62)	(17)	(50)	(16)	(3)
Payment of dividend by subsidiary	(4)	(3)	(3)	(4)	(4)	(4)	(4)	(4)
Other Financing Activities	(4)	(5)	(5)	(6)	(8)	(5)	(5)	(6)
Cashflow From Financing Activities	(8)	(8)	(8)	(10)	(12)	(9)	(10)	(10)
Cash at The Beginning Of The Year	89	213	186	330	418	610	722	990
Net Change In Cash	124	(27)	144	88	192	112	268	235
Cash At The End Of The Year	213	186	330	418	610	722	990	1,225

Balance Sheet

In ₹Crore

Particulars	FY21	FY22	FY23	FY24	FY25	FY26 F	FY27 F	FY28 F
ASSETS								
Non-current assets								
Property, plant and equipment	532	516	497	524	510	506	507	512
Other non-current assets	89	120	155	124	88	112	112	112
Total Non-Current Assets	622	636	652	648	598	619	619	624
Current assets								
Inventories	187	186	196	193	186	219	230	240
Trade receivables	265	266	272	283	334	368	366	383
Cash and cash equivalents	213	186	330	418	610	722	990	1,225
Other current assets	33	66	37	48	33	27	27	27
Total Current Assets	697	704	835	943	1,164	1,336	1,613	1,876
Total Assets	1,319	1,340	1,487	1,591	1,762	1,955	2,233	2,500
EQUITY AND LIABILITIES								
Equity								
Equity share capital	56	56	56	56	56	56	56	56
Other Equity	831	888	996	1,129	1,290	1,483	1,710	1,960
Total Equity	887	944	1,051	1,184	1,346	1,538	1,765	2,015
Liabilities								
Non-current liabilities								
Provisions	85	34	32	20	20	16	16	16
Other non-current liabilities	9	11	9	8	2	1	1	1
Total Non-Current Liabilities	94	45	42	29	23	17	17	17
Current Liabilities								
Trade payables	290	305	342	292	307	319	371	388
Other non-current liabilities	48	46	52	86	87	80	80	80
Total Current Liabilities	338	351	394	378	394	399	450	468
Total Equity and Liabilities	1,319	1,340	1,487	1,591	1,762	1,955	2,233	2,500

Ratios

Particulars	FY21	FY22	FY23	FY24	FY25	FY26 F	FY27 F	FY28 F
Sales Growth		21%	22%	4%	6%	10%	5%	5%
EBITDA Growth		30%	28%	14%	19%	12%	3%	5%
EBIT Growth		81%	65%	22%	28%	19%	5%	6%
EBT Growth		920%	75%	28%	30%	13%	17%	10%
Net profit Growth		1091%	83%	24%	27%	17%	17%	10%
EBITDA Margin	11%	12%	13%	14%	16%	16%	16%	16%
EBIT Margin	4%	6%	8%	9%	11%	12%	12%	12%
EBT Margin	1%	6%	9%	11%	13%	13%	15%	16%
Net Profit Margin	0%	4%	7%	8%	9%	10%	11%	12%
Return on Equity	1%	6%	10%	11%	13%	13%	13%	13%
Return on Capital Employed	1%	6%	10%	11%	12%	13%	13%	13%
Return on Asset	0%	4%	7%	8%	10%	10%	10%	10%
Inventory Days	62	50	44	42	38	40	40	40
Receivable Days	87	72	61	61	68	68	64	64
Payable Days	95	83	76	63	62	59	65	65
Current Ratio	2.1	2.0	2.1	2.5	3.0	3.3	3.6	4.0
Quick Ratio	1.5	1.5	1.6	2.0	2.5	2.8	3.1	3.5
Cash Ratio	0.6	0.5	0.8	1.1	1.6	1.8	2.2	2.6
Debt To Equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings Per Share	0.9	10.6	19.3	24.0	30.5	35.6	41.5	45.7
Earnings Yield%	0%	4%	6%	7%	9%	10%	11%	12%
Dividend Yield%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Book Value Per Share	159	170	189	213	242	277	317	362
P/E	325	25	16	13	11	10	9	8
P/S	1	1	1	1	1	1	1	1
P/B	1.8	1.6	1.6	1.5	1.3	1.3	1.2	1.0
EVEBITDA	11.1	8.0	6.5	5.8	4.2	4.2	3.3	2.5

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