

Yuken India Ltd

522108

Company Profile

Yuken India Ltd (YIL) was formed in the year 1976 in collaboration with Yuken Kogyo Company Limited, Japan. It is engaged in the manufacture and sale of hydraulic equipment. The company was promoted by M. Varadarajan, M. Parthasarathy and C. P. Rangachar. Its registered office is situated in Bangalore, Karnataka. The manufacturing facility is located at Whitefield, Bangalore spread across 26,300 square meters of lush green environment.

It is led by Mr. Osamu Tanaka, who is the Chairman; Mr. Subramanya Ullal, who is the Chief Executive Officer; and Mr. C P Rangachar, who is the Managing Director along with the other directors on the board. The promoters of the company holds 52.5% of the total share capital and the non-institutional investors hold 47.5%.

Business Overview

Yuken India Ltd specializes in manufacturing of Hydraulic motors. The company manufactures radial piston motors. Its products include: pumps - vane pumps, piston pumps, gear pumps; valves - pressure controls, flow controls, directional controls, mobile controls, modular controls, logic valves and proportional valves, servo valves. It operates in the hydraulics business and other business segment. The hydraulic business segment consists of hydraulic pumps, valves and hydraulic systems. Other business segment consists of cast iron castings. The company in its stable also have products such as Kiriko- automatic shaving compactor, actuators, accumulator, accessories and power saving products.

The Company's subsidiaries include - Yuflow Engineering Pvt Ltd, Coretec Engineering India Pvt Ltd and Kilben Hydraulics Ltd. As of 2014 the Company has launched High Pressure High Speed Double Pump. The company's activities are majorly in India and it is the only major geographical segment constituting over 95% of its revenues for the reporting period.

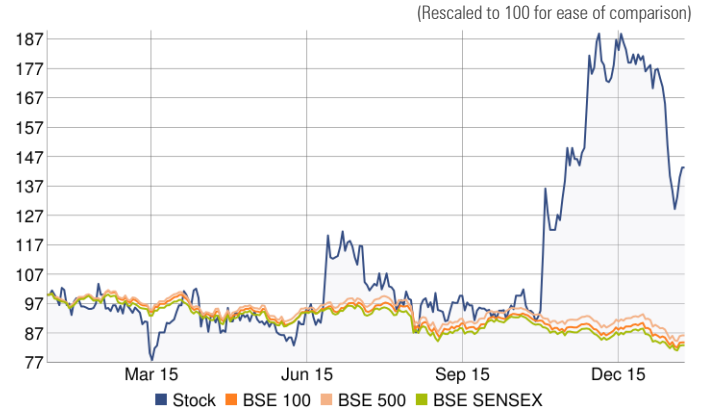
Sector
Industrials

Industry
Diversified Industrials

Stock Price

Price in Rs.

Last Close Price	394.00 (25/01/2016)	52 Wk High/Low	536.10/199.60
Market Cap (Cr.)	148.38 (31/12/2015)	Avg. Volume	1890.82 (1 Mo)



Financials

Values in Rs. Crores

	2011	2012	2013	2014	2015
Revenue	158.49	179.71	157.32	166.36	186.29
Gross Margin %	50.49	51.56	51.08	51.26	51.71
Operating Income	15.28	15.35	1.06	2.20	-1.25
Operating Margin %	9.64	8.54	0.68	1.32	-0.67
Net Income	10.83	10.73	0.80	0.84	0.17
Diluted EPS	36.11	35.78	2.68	2.81	0.57
Book Value Per Share	159.17	173.85	173.93	174.92	191.10
Operating Cash Flow	5.49	16.91	15.06	7.82	7.21
Capital Expenditure	-15.86	-21.10	-5.79	-2.76	-6.77
Free Cash Flow	-10.38	-4.19	9.27	5.07	0.44

Profitability

Average Values unless stated

	2011	2012	2013	2014	2015
Return on Assets %	10.00	8.00	1.00	1.00	-
Return on Equity %	25.00	20.00	1.00	1.00	-
Asset Turnover	1.41	1.29	1.08	1.16	1.24
Net Margin %	7.00	6.00	1.00	1.00	-
Financial Leverage	2.65	2.64	2.43	2.58	2.70

Financial Health

Values in Rs. Crores except Debt/Equity (Ratio)

	2011	2012	2013	2014	2015
Long Term Debt	36.00	7.60	4.74	1.89	1.34
Total Equity	47.75	57.61	56.91	57.33	56.80
Debt/Equity	-	-	-	-	-
Working Capital	40.66	9.56	6.04	7.95	6.95

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Income Statement

Values in Rs. Crores

	2011	2012	2013	2014	2015
Total Revenue	158.49	179.71	157.32	166.36	186.29
Cost of Revenue	78.47	87.05	76.97	81.08	89.96
Gross Profit	80.02	92.66	80.35	85.28	96.33
Operating Expense	66.33	77.74	79.77	83.48	98.05
Operating Income	15.28	15.35	1.06	2.20	-1.25
Pre-tax Income	15.28	15.72	1.80	2.56	0.45
Tax Provision	5.10	5.53	1.12	0.81	-0.09
Minority Interests	-0.13	-0.24	-0.02	-	-
Net Income	10.83	10.73	0.80	0.84	0.17

Balance Sheet

Values in Rs. Crores

	2011	2012	2013	2014	2015
Stock Holders Equity	47.75	57.61	56.91	57.33	56.80
Long Term Debt	36.00	7.60	4.74	1.89	1.34
Total Non-Current Liabilities	38.99	17.92	15.15	13.32	12.62
Payables	35.97	32.71	27.26	37.39	40.70
Total Liabilities	78.75	94.63	81.65	90.43	96.43
Net PPE	40.84	57.05	57.29	55.01	54.17
Goodwill and other Intangible Assets	0.29	0.93	1.10	1.25	1.03
Total Investments	4.95	5.56	5.77	4.87	4.49
Total Non-current Assets	46.08	65.98	66.03	62.69	62.47
Trading and Other Receivables	52.63	58.81	48.66	56.40	59.86
Inventory	25.07	24.72	22.07	27.11	29.29
Cash and Cash Equivalents	2.73	2.71	1.45	1.35	0.72
Total Assets	126.50	152.25	138.56	147.76	153.23

Cash Flows

Values in Rs. Crores

	2011	2012	2013	2014	2015
Net Income	10.83	10.73	0.80	0.84	0.17
Depreciation and Amortization	2.83	3.30	4.50	4.64	5.19
Change in Working Capital	-10.01	-3.76	4.51	-1.85	-0.94
Operating Cash Flow	5.49	16.91	15.06	7.82	7.21
Capital Expenditure	-15.86	-21.10	-5.79	-2.76	-6.77
Investing Cash Flow	-15.81	-20.39	-3.62	-1.75	-4.28
Net Common Stock Issuance	-	-	-	-	-
Net Issuance Payments of Debt	13.18	9.05	-6.81	-6.91	1.82
Cash Dividends Paid	-0.87	-0.74	-0.87	-0.53	-0.53
Financing Cash Flow	9.61	3.60	-12.69	-6.67	-2.99
Changes in Cash	-0.71	0.13	-1.26	-0.60	-0.07

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Financial Performance

In FY 2015, Yuken India's revenues grew by 12% versus last year to INR 186.29 crores. The company incurred an operating loss of INR 1.25 crores, a decline of 156.8% versus last year. The operating margin also decreased by 199 basis points to -0.67%. The company posted net income of INR 0.17 crores, showing a decline of 79.8% against the previous year.

Key Risks

To meet the increasing customer demand with strong technology and domain knowledge is the key risk for the company. It's pertinent that Yuken invests increasingly higher amounts in equipment and facilities. Its business may suffer if it fails to anticipate and develop new products in a fixed time schedule and enhance its existing products in order to keep pace with rapid changes in technology and in the industries it operates in. There is also a continuing concern on input cost increase. High inventory and receivables may hamper the process of financial planning. It also faces threat from Chinese market.

Competitors

Its two major competitors are ANG Industries Ltd and Rasandik Engineering Industries India Ltd.

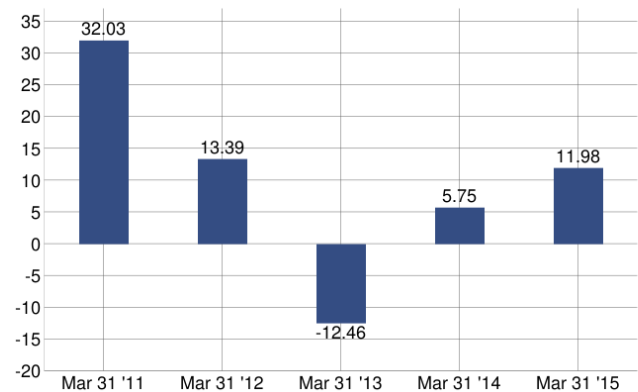
ANG Industries Ltd is engaged in the manufacturing and selling of auto components and assemblies. It is also engaged in heavy steel fabrication. It primarily operates in four segments namely automotive, tippers and trailers, heavy fabrication and off-highway. Its corporate office is located in New Delhi. Its revenues fell by 6.4% in FY 2015 amounting to INR 152.19 crores versus last year.

Rasandik Engineering Industries India Ltd is engaged in the manufacturing and selling of sheet metal components, assemblies and sub-assemblies, tools and dies and three wheeler autos parts. Its plants are located in Gurgaon, Greater Noida, Pune, Mewat and Mysore. Its revenues grew by 8.7% in FY 2015 amounting to INR 206.83 crores versus last year.

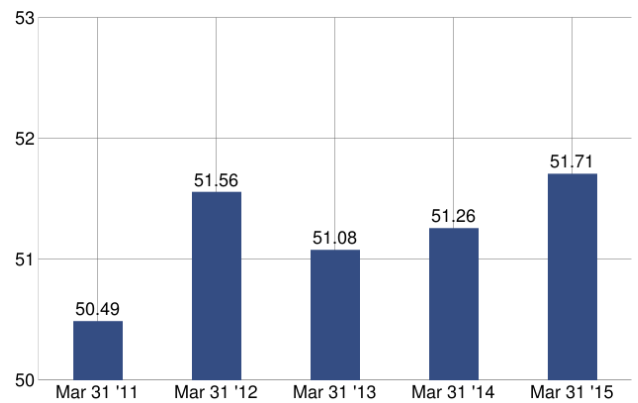
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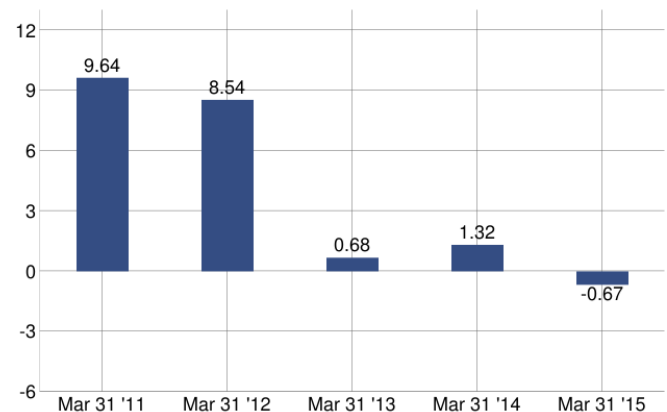
Revenue Growth



Gross Margin



Operating Margin



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Industry Overview

India stands 14th in the production and 10th in the consumption of machine tools in the world as per the 2015 Gardner Business Media survey. The country is set to become a key player in the global machine tools industry and is likely to see substantial high-end machine tool manufacturing.

The Indian machine tool Industry has around 1,000 units in the production of machine tools, accessories/attachments, subsystems and parts. Of these, around 25 in the large scale sector account for 70% of the turnover and the rest are in the Small and Medium Enterprises sector of the industry. While the large organized players cater to India's heavy and medium industries, the small-scale sector meets the demand of ancillary and other units.

Given company's products are used in industries like steel and Automobile, growth in these sectors may help in its growth. The over USD100 billion Indian steel industry is placing bets on rising domestic demand in the 2016. As for Auto sector, its revenue rose by 11% to INR 2,34,000 crores in FY 2015 versus a year ago. The demand for forging equipments should continue to remain strong owing to gradual recovery in the demand for domestic commercial and passenger vehicle industry.

Quarterly Results

Values in Rs. Crores except EPS (Rs.)

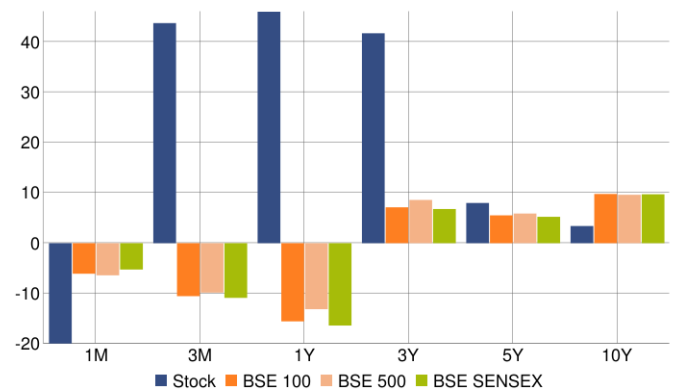
	9-2014	12-2014	3-2015	6-2015	9-2015
Revenue	4.71	4.53	5.40	4.25	5.07
Other Income	0.02	0.01	0.15	0.03	0.02
Total Income	4.74	4.54	5.55	4.28	5.09
Expenditure	-4.48	-4.29	-4.98	-4.22	-4.81
Interest	-0.11	-0.11	-0.11	-0.11	-0.14
PBDT	0.14	0.14	0.46	-0.05	0.15
Depreciation	-0.11	-0.11	-0.13	-0.11	-0.12
PBT	0.03	0.03	0.33	-0.16	0.03
Tax	-0.01	-	-0.08	0.03	-
Net Profit	0.03	0.02	0.26	-0.13	0.03
Equity	-	-	-	-	-
EPS	0.83	0.81	8.49	-4.44	1.06
CEPS	-	-	-	-	-
OPM (%)	5.35	5.45	10.45	1.48	5.61
NPM (%)	0.53	0.54	4.72	-3.14	0.63

*Standalone figures

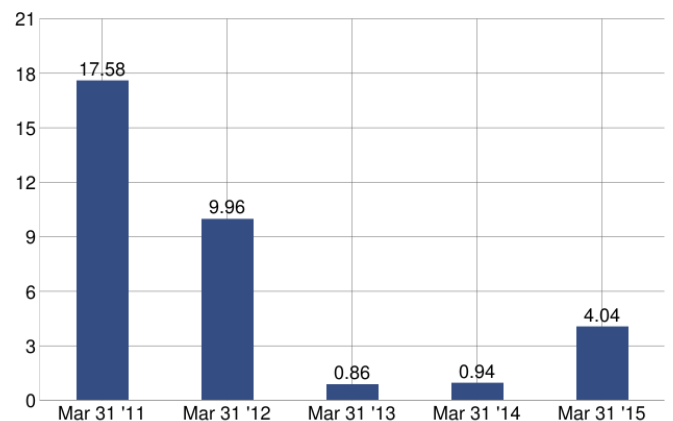
Price/Earnings



Trailing Returns



Return on Invested Capital (ROIC)



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