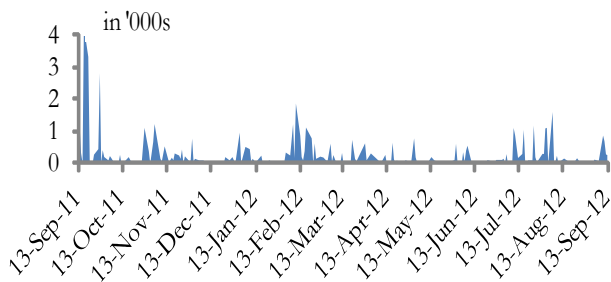


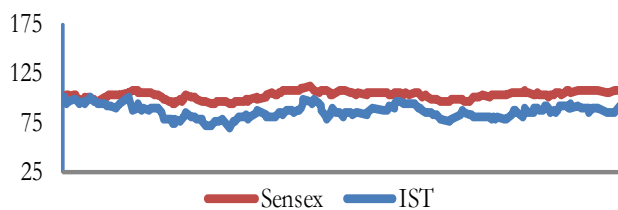
**Equity Statistics**

Current Market Price	Rs.	170.3
52 Week High / Low	Rs.	209/124
Market Capitalisation	Rs. crores	98.7
Free Float	Rs. crores	25.0
Dividend Yield	%	-
One Year Regression Beta	Times	0.4

**BSE Volumes Trend - Average = 0.31 Thousand**

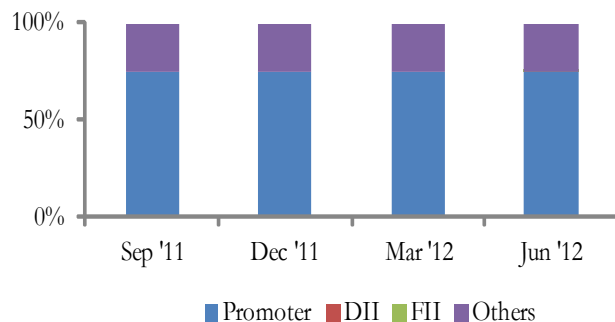


**Relative Returns**



Returns (%)	1M	3M	6M	1Yr
Absolute	-3%	10%	10%	-6%
Relative to Sensex	-4%	2%	9%	-13%

**Shareholding Pattern**



**Business Summary**

Indo Swiss Time Limited (IST), an Indian based manufacturer of precision components for auto, watches and oral care industries was incorporated in the year 1976 as a public limited company. IST was initially engaged in manufacturing of fine time mechanisms and precision parts for consumer durables. In 1998 IST witnessed major change in its clientele and shifted its focus to supplying automotive components to four-wheeler manufacturers including General Motors. IST is an ISO 9001:2008, ISO 14001:2004, OHSAS 18001:200 (through RWTUV NORD, Germany) certified company. IST has its manufacturing facility at Rewari, Haryana, employing more than 391 people. IST has tie-up with MSD Facilitators, Gurgaon for design works. IST has one subsidiary company namely Gurgaon Infospace Limited, which is engaged in development of infrastructure for IT/ITES sector. In FY12, IST reported net sales of Rs.52.7 crore and net profit of Rs.29.5 crore.

Indian Market continues to be the key market contributing more than 85% of the revenue, historically. Apart from the domestic market, IST exports its products to the United States, Japan, Switzerland, and Hong Kong. Vast experience in manufacturing precision components and repeat orders from renowned clients are the core strengths of IST.

IST is currently trading at P/E multiples of 2.7 times based on FY12 EPS and 0.5 times adjusted book value.

**Board of Directors**

Person	Role
Mayur Gupta	MD
D Keelor	Chairman, NED, Independent
G S Sawhney	NED, Independent
N L Khitha	Director

Source: AR and CARE Research

Note: MD: Managing Director, NED: Non Executive Director,

Source: BSE, Capitaline and CARE Research

## Background

IST commenced operation in 1977 in collaboration with M/s.Ronda S.A. Switzerland, by assembling watches with imported components. Later in 1979 IST established its in-house component manufacturing unit. By 1984 IST had started manufacturing fine time mechanisms and various precision parts for consumer durables. In 1998 IST witnessed major change in its clientele and shifted its focus to supplying automotive components to four-wheeler manufacturers including General Motors and currently derives larger portion of revenue from the auto industry.

The company's major clientele include General Motors, USA, Fiat Powertrain India Pvt. Ltd. Maruti Suzuki Power Train India Ltd, India etc. IST is an ISO 9001:2008, ISO 14001:2004, OHSAS 18001:2007 (through RWTUV NORD, Germany) certified company. IST has its manufacturing facility at Rewari, Haryana, employing more than 391 people.

IST has a wholly-owned subsidiary company namely Gurgaon Infospace Limited which is engaged in development of infrastructure for IT/ITES sector.

## Business overview

IST's product portfolio comprises of automotive transition parts, carburetor parts, fuel injection parts for the automobile industry and derives major revenue from this segment. It also manufactures precision components for watches and oral care products.

## Strengths and growth drivers

- Vast experience in auto component manufacturing and renowned client base providing repeat orders.
- Strong skills in engineering design aided by tie-up with MSD Facilitators, Gurgaon.

## Risk and concerns

- The cyclical nature of the automobile industry on which the company primarily dependent on, is a cause for concern.

## Future strategy and expansion plans

- Technological up gradation of its manufacturing facilities on the cards, aimed at increasing its market share of its precision components in both automotive and non-automotive segment.

## Industry outlook

Indian auto component industry grew at a compounded annual growth rate (CAGR) of 13% during 2007-12. CARE Research foresees healthy top-line growth for the Indian auto component industry in the next five years. While the domestic sales are expected to grow at a CAGR of 11% from 2012-21, exports are expected to witness a higher CAGR of 17% during the same period. India is fast becoming a sourcing destination for global auto companies due to large-scale availability of technically skilled manpower, lower cost of manufacturing, reasonable infrastructure and quality assurance.

As per industry estimates, out of the total turnover of the Indian auto components manufacturers, around 60% is derived from sales to domestic original equipment manufacturers (OEMs), around 25% comes from sales to the domestic replacement market and around 15% is derived from exports. With sluggish volume growth for domestic OEMs in 2011-12, translated into muted revenue growth for the auto components industry during this period; the sluggishness was partly offset by the rise in component exports and higher domestic replacement market sales. While the long-term prospects for the industry remain strong in line with the outlook for the OEM segment, the industry faces strong challenges in the form of threat of low-cost imports and currency volatility. In the times ahead, with immense opportunity for volume growth but with pressure on the margin front, the component manufacturers' ability to invest on product development to be able to move up the value chain, improvise quality and productivity, minimize defects, cut down costs, gear up to meet the additional demand and maximize returns would be important parameters for their profitability.

Peer comparison	Year ended March 31, 2012		
	IST	KDD	Timex
<b>Income statement (Rs. Crore)</b>			
Total income	58.6	235.3	183.9
Net sales	52.7	227.4	183.0
EBITDA	33.1	22.3	8.2
Ordinary PAT	29.5	7.2	4.5
Adjusted PAT	29.5	4.2	4.5
<b>Per share data (Rs.)</b>			
Adjusted BVPS	367.9	53.7	31.0
Diluted EPS	65.6	9.0	0.1
<b>Growth (Y-o-Y) (%)</b>			
Growth in total income	19.0	33.1	5.8
Growth in net sales	11.9	31.7	6.0
Growth in EBITDA	17.5	27.0	(54.3)
Growth in adjusted PAT	9.0	(21.4)	(67.7)
Growth in EPS*	40.7	24.0	(87.9)
<b>Profitability ratio (%)</b>			
EBITDA margin	62.8	9.8	4.5
Adjusted PAT margin	50.4	1.8	2.5
<b>Valuation ratios (Times)</b>			
Price/EPS (P/E)	2.7	13.7	144.2
Price/Book value (P/BV)	0.5	2.2	7.4
Enterprise value (EV)/EBITDA	1.9	8.5	23.1

Source: BSE, Capitaline and CARE Research

Note: KDD: Kamla Dials and Devices Ltd., Timex: Timex Group India Ltd.

Quarterly financials	Quarter ended June 30, 2012				
	Q1FY13	Q4FY12	Q3FY12	Q2FY12	Q1FY12
<b>Income statement (Rs. crore)</b>					
Total income	6.8	7.2	6.2	5.3	6.3
Net sales	5.4	5.7	4.8	3.9	5.2
EBITDA	1.1	1.6	1.3	1.2	1.8
Ordinary PAT	1.5	1.7	1.3	1.4	1.7
Adjusted PAT	1.5	1.7	1.3	1.4	1.7
<b>Growth (Q-o-Q) (%)</b>					
Growth in net sales	(4.4)	17.9	24.3	(24.9)	
<b>Profitability ratio (%)</b>					
EBITDA margin	20.8	14.6	17.9	19.6	24.4
Adjusted PAT margin	7.1	6.5	8.9	10.5	13.5

Source: BSE, Capitaline and CARE Research

### Financial analysis

- In FY12, IST reported improvement in net sales by 11.9% y-o-y to Rs.52.7 crore as compared to Rs.47.1 crore in FY11. Total income witnessed a growth of 19% during the same period.
- The company reported improvement in EBITDA margin by 300 bps to 62.8% and PAT margin of 52.4%, in FY12.
- IST was a debt-free company as on March 31, 2012.
- IST exhibited cash conversion cycle of around 121 days, i.e. around 4 months in FY12.
- Operating cash flows for the company have been positive in each of the last four years (*i.e. period considered for analysis*).
- IST had not declared any dividend during the period under review.

Annual financial statistics	FY08	FY09	FY10	FY11	FY12*
<b>Income statement (Rs. crore)</b>					
Total income	21.5	28.2	34.3	49.3	58.6
Net sales	21.1	27.9	33.8	47.1	52.7
EBITDA	4.1	11.9	15.9	28.1	33.1
Depreciation and amortisation	0.5	0.6	0.8	1.1	1.2
EBIT	3.6	11.3	15.1	27.1	31.9
Interest	0.4	0.6	0.1	0.1	0.1
PBT	3.6	11.0	15.7	29.2	31.8
Ordinary PAT	2.4	9.9	14.6	27.2	29.5
Adjusted PAT	2.3	9.9	14.6	27.1	29.5
<b>Balance sheet (Rs. crore)</b>					
Adjusted networth	123.5	133.4	148.0	175.2	213.4
Total debt	5.8	0.0	-	-	-
Cash and bank	1.7	1.0	15.0	2.2	39.0
Investments	5.2	6.3	6.3	38.0	24.0
Net fixed assets (incl. CWIP)	120.3	128.5	131.0	135.9	146.0
Net current assets (excl. cash, cash equivalents)	2.8	(1.7)	(3.3)	15.1	11.3
<b>Per share data (Rs.)</b>					
Adjusted BVPS	212.9	229.9	255.2	302.0	367.9
Diluted EPS*	4.1	16.9	25.1	46.6	65.6
DPS	-	-	-	-	-
<b>Growth (Y-o-Y) (%)</b>					
Growth in total income		30.9	21.8	43.4	19.0
Growth in net sales		32.2	20.9	39.5	11.9
Growth in EBITDA		188.3	34.2	76.5	17.5
Growth in adjusted PAT		332.9	48.0	85.4	9.0
Growth in EPS*		311.5	48.7	85.7	40.7
<b>Key financial ratio</b>					
EBITDA margin (%)	19.5	42.6	47.2	59.8	62.8
Adjusted PAT margin (%)	10.6	35.0	42.5	55.0	50.4
RoCE (%)		7.8	10.0	14.4	13.5
RoE (%)		7.7	10.4	16.8	15.2
Gross debt - equity (times)	0.0	0.0	-	-	-
Net debt - equity (times)	0.0	NM	-	NM	-
Interest coverage (times)	10.2	18.9	302.8	386.4	455.0
Current ratio (times)	1.3	1.0	1.7	9.4	5.7
Inventory days		143.0	118.2	119.3	136.0
Receivable days		68.1	25.2	29.5	30.1

Source: BSE, Capitaline and CARE Research

Note: Financial Year (FY) refers to period from April, 1 to March, 31

NM: Non Meaningful

## DISCLOSURES

- Each member of the team involved in the preparation of this grading report, hereby affirms that there exists no conflict of interest that can bias the grading recommendation of the company.
- This report has been sponsored by the BSE Investors' Protection Fund.

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Published on behalf of The Stock Exchange Investors' Protection Fund

First Floor, P J Towers, Dalal Street, Mumbai.  
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