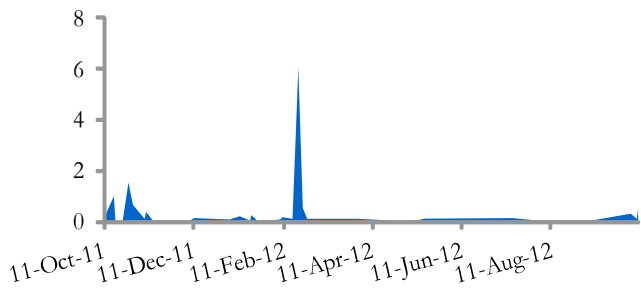


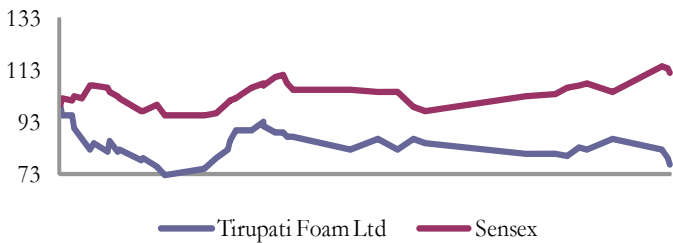
Equity Statistics

Current Market Price	Rs.	36.2
52 Week High/Low	Rs.	47.00/34.20
Market Capitalisation	Rs. Crores	15.95
Free Float	Rs. Crores	6.15
Dividend Yield	%	3.31
One Year Regression Beta	Times	-0.22

BSE Volumes Trend - Average = 0.31 Thousand

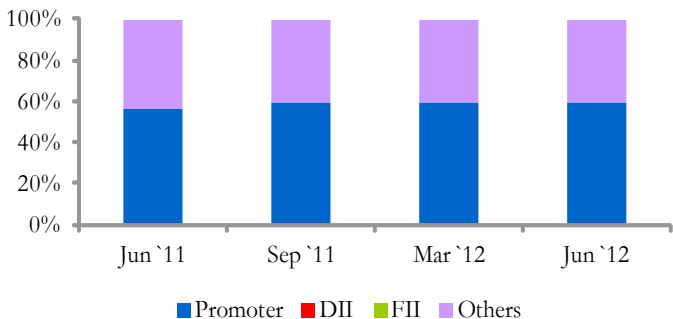


Relative Returns



Returns	1M	3M	6M	1 Yr
Absolute	-7%	-5%	-12%	-23%
Rel. to Sensex	-6%	-13%	-18%	-32%

Shareholding Pattern



Source: BSE, Capitaline and CARE Research

Company Summary

Tirupati Foam Limited is an India-based company principally engaged in the manufacturing of flexible polyurethane foams. The company sells comfort products under the brand name Sweet Dream and Flexi-Puf Mattresses under the brand name Hindustani. The company's products include, sofa n bed, bolster, back cushion, puf cushion, bondo-puf mattress, wonder couch, puf pillow and contour pillow. In FY12, the company reported net sales of Rs.60.6 crore and net profit of Rs.1.1 crore.

Core strength for Tirupati Foam Ltd is the ability to develop foam with special properties, produce precisely controlled cell sizes and it is combined with overall technical applications expertise and well-developed channels of distribution, making the company a leading producer and marketer of specially flexible poly urethane foam.

The company's Polyurethane foam is a unique, environmental-friendly, versatile material. All the products are produced based on strict, well-documented specifications that ensure consistent performance.

Tirupati Foam Ltd is currently trading at 14.1 times FY12 EPS and 1.0 times the adjusted book value.

Board of Directors

Person	Role
Venibhia Purohit	Chairman
Manharlal Mehta	Vice Chairman
Roshan Sanghvi	MD
Satish Mehta	ED
Deepak Mehta	ED
Mukesh Shah	Director
Mukesh Kothari	Director

Source: AR and CARE Research

Note: MD: Managing Director, WTD: Whole time Director ED: Executive Director, NED: Non Executive Director,

Background

Tirupati Foam Limited was formed in 1986 by four first generation entrepreneurs. The company started manufacturing a wide range of Industrial Foam. To cater to the ever-increasing demand of the markets of all India, it forayed into the arena of Branded Foam Products & evolved an enviable range of consumer Comfort Products under the name of 'Sweet Dream'.

The expansion of the company's dealer network, popular market demand of its Product range & a steep rise in the Production capacity saw a step-wise success for the company.

Business overview

The company is principally engaged in the manufacturing of flexible polyurethane foams. The company sells comfort products under the brand name Sweet Dream and Flexi-Puf Mattresses under the brand name Hindustani. As such the company deals only in one segment - Flexible polyurethane foams

Strengths and growth drivers

- Unique product quality
- Marketing network of dealers spread throughout India

Risk and concerns

- Project execution risk – The ongoing capital expenditure in form of new factory being built in Uttar Pradesh
- Competition from the unorganised sector and imports

Future strategy and expansion plans

- Further expansion in distribution network.
- Planned capital expenditure for increasing capacity.
- Aggressive marketing campaign

Industry outlook

The financial year 2011-12 was a challenging one for most of the economies globally. Flexible Polyurethane Foam industry also remained under pressure and there was no significant growth. In addition to the above, falling prices and intense competition from imported as well as low-cost producers further impacted the conditions for domestic players. The sustenance is possible only by introduction of new products and improvement in product efficiency.

There is considerable scope for growth of the foam industry because of increased usage of foam products in day-to-day life. However competition from importers and the unorganized sector has been increasing day by day. Therefore the Indian industry will have to really strive hard to sustain against global competition as well as competition from the unorganized markets. The sector will continue to be characterised by high competition driving the sales prices and profits downwards.

Aggressive marketing, product differentiation and dealer network will be the key differentiators that will determine the success of companies in this sector.

Peer Comparison		Year ended March 31, 2012			
Income statement (Rs. Crore)	Tirupati	Vamshi	Krypton	Eastern	
Total income	62.4	81.0	45.2	85.4	
Net sales	60.6	82.0	44.5	85.3	
EBITDA	5.0	5.3	2.6	2.3	
Ordinary PAT	1.1	2.3	0.1	1.1	
Adjusted PAT	1.1	2.3	0.1	1.1	
Per share data (Rs.)					
Adjusted BVPS	38.1	29.5	22.7	23.5	
Diluted EPS	2.6	5.5	0.1	2.0	
Growth (Y-o-Y) (%)					
Growth in total income	0.4	19.1	14.5	27.9	
Growth in net sales	(2.7)	24.1	22.3	28.0	
Growth in EBITDA	1.9	6.8	(38.5)	3.2	
Growth in adjusted PAT	(53.7)	2.6	(89.9)	(17.2)	
Growth in EPS*	(53.7)	3.1	(96.3)	(17.2)	
Profitability ratio (%)					
EBITDA margin	8.2	6.5	5.8	2.7	
Adjusted PAT margin	1.8	2.9	0.2	1.2	
Valuation ratios (Times)					
Price/EPS (P/E)	14.1	3.4	166.0	11.3	
Price/Book value (P/BV)	1.0	0.6	0.6	1.0	
Enterprise value (EV)/EBITDA	9.8	3.9	6.5	7.5	

Source: BSE, Capitaline and CARE Research

Note: Tirupati: Tirupati Foams Ltd., Vamshi: Vamshi Rubbers Ltd., Krypton: Krypton Industries Ltd., Eastern: Eastern Treads Ltd.; NM: Non Meaningful

Quarterly financials					
Income statement (Rs. crore)	Q1FY13	Q4FY12	Q3FY12	Q2FY12	Q1FY12
Total income	16.4	18.0	15.1	13.8	14.1
Net sales	16.2	17.9	15.0	13.7	14.0
EBITDA	1.6	2.8	1.6	1.3	0.9
Ordinary PAT	0.1	1.0	(0.3)	0.1	0.4
Adjusted PAT	0.1	1.0	(0.3)	0.1	0.4
Growth (Q-o-Q) (%)					
Growth in net sales	(9.1)	19.2	9.3	(2.1)	
Profitability ratio (%)					
EBITDA margin	10.0	15.7	10.7	9.4	6.1
Adjusted PAT margin	0.6	5.3	NM	0.5	2.8

Source: BSE, Capitaline and CARE Research

NM: Non Meaningful

Financial analysis

- In FY12, the company reported net sales of Rs.60.6 crore – down 2.7% y-o-y. Total income witnessed a meager growth of 0.4% during the same period. The company was in a better position to manage the raw material price volatility and was able to pass on the same to the customers as the same is reflected in stability of EBITDA margins which has slightly improved from 7.8% in FY11 to 8.2% in FY12.
- However the increase in debt levels and consequent increase in interest cost has severely impacted the PAT margins which have reduced from 3.9% to 1.8%. The company is highly levered and the debt to equity ratio has deteriorated from 1.3 times as on March 31, 2011 to 1.9 times as on March 31, 2012. The total debt as on March 31, 2012 was at Rs.32.6 crore compared to an adjusted networth of Rs.16.8 crore.
- There has been a steep increase in the receivables conversion period from 90 days during FY11 to 116 days during FY12.
- The company has paid a dividend of Rs.1.2 per share for FY12, resulting in a dividend yield of 3.31% at the current market price of Rs.36.2 per share.

Annual financial statistics	FY08	FY09	FY10	FY11	FY12
Income statement (Rs. crore)					
Total income	49.5	47.9	52.2	62.2	62.4
Net sales	48.9	47.1	50.7	62.2	60.6
EBITDA	4.3	3.2	3.6	4.9	5.0
Depreciation and amortisation	0.6	0.6	0.6	0.6	1.2
EBIT	3.7	2.6	3.1	4.3	3.8
Interest	0.9	0.8	0.6	1.1	2.5
PBT	3.9	2.0	3.0	3.6	1.7
Ordinary PAT	2.6	1.4	2.1	2.4	1.1
Adjusted PAT	1.9	1.4	2.1	2.4	1.1
Balance sheet (Rs. crore)					
Adjusted networth	10.2	13.7	14.7	16.3	16.8
Total debt	10.4	7.3	7.2	20.6	32.6
Cash and bank	0.2	1.3	0.6	0.4	0.2
Investments	-	-	-	-	-
Net fixed assets (incl. CWIP)	6.2	5.9	5.7	14.6	26.7
Net current assets (excl. cash, cash equivalents)	14.8	14.3	16.1	22.3	22.5
Per share data (Rs.)					
Adjusted BVPS	23.1	31.1	33.4	36.9	38.1
Diluted EPS*	5.8	3.1	4.7	5.5	2.6
DPS	2.0	2.0	2.0	1.8	1.2
Growth (Y-o-Y) (%)					
Growth in total income		(3.4)	9.0	19.2	0.4
Growth in net sales		(3.7)	7.6	22.7	(2.7)
Growth in EBITDA		(24.9)	12.8	34.6	1.9
Growth in adjusted PAT		(27.0)	52.6	18.4	(53.7)
Growth in EPS*		(47.5)	52.6	18.4	(53.7)
Key financial ratio					
EBITDA margin (%)	8.7	6.8	7.1	7.8	8.2
Adjusted PAT margin (%)	3.7	2.8	3.9	3.9	1.8
RoCE (%)		9.1	9.7	10.4	7.4
RoE (%)		11.3	14.5	15.7	6.8
Gross debt - equity (times)	1.0	0.5	0.5	1.3	1.9
Net debt - equity (times)	1.0	0.4	0.5	1.2	1.9
Interest coverage (times)	4.3	3.4	5.5	3.8	1.5
Current ratio (times)	6.3	3.8	3.0	3.7	3.5
Inventory days		35.4	52.7	48.3	52.9
Receivable days		98.3	88.1	90.2	116.5

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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