

05 September 2013

CMP:Rs.20.8

Industry:Auto Tyres and rubber products

BSE group:B

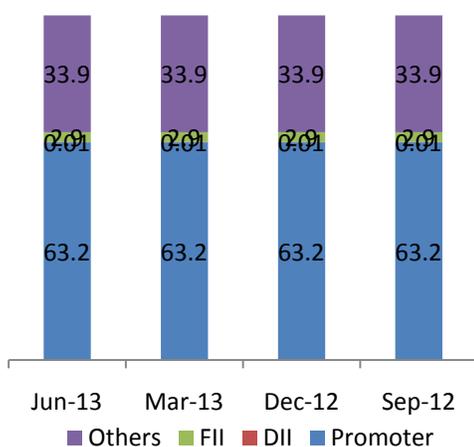
Promoters

Vinay Kumar Modi, Alok Kumar Modi,
Chandar Bala Modi

Key Data (as on 5Sep' 13)

BSE	500890
ISIN	INE832A01018
Face Value (Rs.)	10.0
Mkt Cap (Rs. mn)	520.8
Current P/E	negative
Current P/BV	0.4
52 week low-high	15.40-45.40
30 days avg daily trading volume	145
Equity capital (Rs mn)	250.4
Net worth (Rs mn)	1343.2

Shareholding Pattern (%)



[Click here for: Initiation Report](#)

[Write to usat: equity.research@outlook.com](mailto:equity.research@outlook.com)

Company business

Modi Rubber Ltd (MRL) was incorporated in 1971 originally as an automobile tyre and tube manufacturing company. It is a part of the 'VK Modi' group. In July 2011, it sold its two tyre and tube manufacturing plants to German tyre maker - Continental AG, Germany, its technical and brand partner. With the sale of the tyre and tube business MRL is changing its business focus. In November 2012, MRL invested Rs.300 mn in a joint venture with Asahi Organic Chemicals Industry Co Ltd, Japan to manufacture 'resin coated sand'. On commissioning of this facility the company will move from automobiles industry to foundries.

Financials

Particulars (Rs in mn)	Apr '13 to Jun '13	Apr '12 to Jun '12	% Change ¹	Jan'13 to Mar '13	% Change ²
Total revenues	10.5	49.3	(78.7%)	9.5	10.5%
Other income	11.5	358.2	(96.8%)	(25.2)	-
Total income	22.0	407.5	(94.6%)	(15.7)	-
Total operating expenditure	34.1	30.5	11.8%	96.7	(64.7%)
EBIDTA	(12.1)	377.0	-	(112.4)	-
EBIDTA margin	negative	92.52%	-	negative	-
PBT	(16.9)	374.1	-	(118.4)	-
PAT	(16.9)	374.1	-	(154.5)	-
PAT margin	negative	91.80%	-	negative	-
Cash accruals	(12.2)	377	-	(151.5)	-
EPS	(0.7)	14.9	-	(6.2)	-

¹ compared to corresponding quarter in the previous year

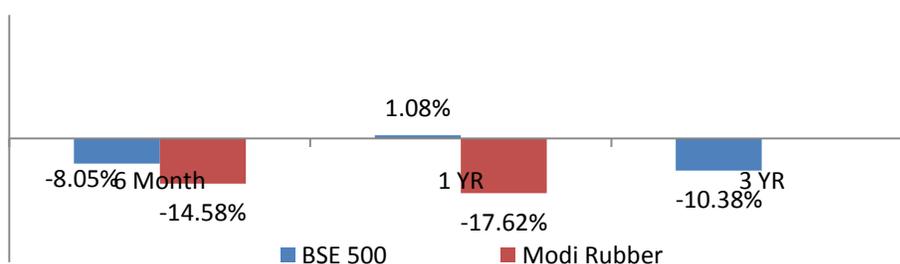
² sequential comparisons

Source: Moneycontrol, Company

Financial Performance

MRL has decided to change its accounting year for FY13 from 'September' to 'March'. It had previously changed its financial year from March to September in 2011. On Y-o-Y basis, for the quarter ended 30 June 2013, total income decreased by 94.6% from Rs 407.5mn (Apr-Jun'12) to Rs.22 mn. The other income in Apr-Jun 12 was Rs 358.2mn on account of sale of investments, sale of assets, dividend income and interest income. MRL reported a loss before interest, depreciation and tax of Rs.12.1 mn (Rs. 377 mn for the quarter ended 30 June 2012). The company made losses of Rs.16.9 mn for the quarter under review in comparison to net profits Rs 374 mn in the quarter ended June 2012.

Share Price Performance



Financials

P&L (Rs. mn)	Mar' 10	Sep' 11*	Mar'13
Total income	342.0	954.3	542.9
EBIDTA	57.0	389.2	309.4
EBITDA Margin%	16.7%	40.8%	57%
Depreciation	20.7	18.6	17.7
EBIT	36.3	370.6	291.7
Interest	1.4	23.0	6.9
PBT (post extraordinary items)	34.9	504.8	284.8
Tax	0.4	23.3	12
PAT	34.6	481.5	272.8
PAT Margin %	10.1%	50.5%	50.25%
Dividend (including dividend tax)	-	-	-

Valuation ratios	Mar' 10	Sep' 11	Mar'13
P/E	NA	1.7	2.17
P/BV	NA	0.8	0.44

Balance Sheet (Rs. mn)	Mar' 10	Sep' 11	Mar'13
Equity Share Capital	250.4	250.4	250.4
Share application money	70.0	-	-
Reserves & Surplus (incl. revaluation reserves)	328.1	820.0	1092.8
Net worth	648.5	1,070.4	1343.2
Borrowings	594.0	61.5	48
Current liabilities and provisions	318.6	555.6	490.6
Total liabilities	1,561.1	1,687.5	1881.8
Net fixed assets (incl CWIP)	171.2	161.7	148.0
Loans and advances (Long term and short term)	319.4	618.8	495.0
Investments	986.9	426.2	541.9
Current assets	48.1	14.0	69.3
Other non-current assets	35.5	466.8	627.6
Total assets	1,561.1	1,687.5	1881.8

Cash Flow (Rs.mn)	Mar' 10	Sep' 11	Mar'13
PBT	34.9	504.8	284.8
CF from Operations	(99.4)	(157.0)	(304.8)
CF from Investment	158.8	1,217.3	275
CF from Financing	(124.1)	(629.0)	(0.8)
Inc/(dec) in Cash	(64.7)	431.4	(30.6)
Closing Balance	34.2	465.6	435

*The company changed its fiscal year end from March to September in 2011, and then back to March in 2013. Therefore, the last two financial periods span 18 months – Apr 2010-Sep 2011, and Oct 2011-Mar 2013 respectively.

Disclaimer

The information contained herein is from publicly available data or other sources believed to be reliable, but we do not represent that it is accurate or complete and it should not be relied on as such. Our company shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This document is provided for assistance only and is not intended to be and must not alone be taken as the basis for any investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigation as it deems necessary to arrive at an independent evaluation which may affect their investment in the securities of companies referred to in this document (including the merits and risks involved). The discussions or views expressed may not be suitable for all investors. This information is strictly confidential and is being furnished to you solely for your information.