

07 February 2013

**CMP:** Rs.30.5

**Industry:** Auto Tyres and rubber products

**BSE group:** B

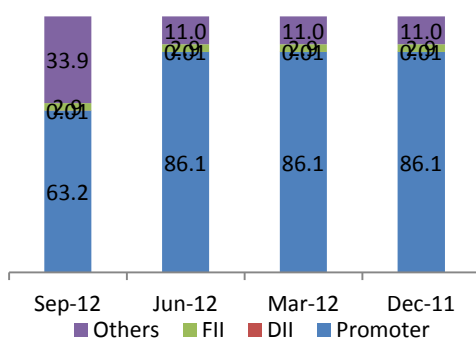
### Promoters

 Vinay Kumar Modi, Alok Kumar Modi,  
 Chandar Bala Modi

### Key Data (as on 25 Jan' 13)

BSE	500890
ISIN	INE832A01018
Face Value (Rs.)	10.0
Mkt Cap (Rs. mn)	763.7
Current P/E	1.8
Current P/BV	0.5
52 week low-high	20.00-60.45
30 days avg daily trading volume	1507
Equity capital (Rs mn)	250.4
Net worth (Rs mn)	1070.4

### Shareholding Pattern (%)



**Caution:** The TTM earnings of the company appear higher on account of other income of Rs.358.2 mn and 813 mn reported for the quarter ended 30 June 2012 and quarter ended 30 September 2011.

[Initiation Report on Modi Rubber Ltd](#)

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### 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 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'. Upon commissioning of this facility the company will move industry from automobiles to foundries. Vinay Kumar Modi is the chairman and Alok Kumar Modi is the managing director of the company.

### Recent developments

Between July and September, promoter shareholding in the company decreased from 86.1% to 63.2% on account of sale of 5.7 mn shares by Kinborough Ltd. Kinborough Ltd was a foreign promoter (corporate) invested in the company.

### Financials

Particulars (Rs in mn)	Jul '12 to Sep '12	Jul '11 to Sep '11	% Change <sup>1</sup>	Apr'12 to Jun '12	% Change <sup>2</sup>
Total income	84.5	817.4	(89.7%)	407.5	(79.3%)
Total expenditure	28.6	412.7	(93.1%)	30.5	(6.2%)
EBIDTA	55.9	404.7	(86.2%)	377.0	(85.2%)
EBIDTA margin	66.15%	49.51%	33.6%	92.52%	(28.5%)
PBT	49.3	399.0	(87.6%)	374.1	(86.8%)
PAT	49.3	399.0	(87.6%)	374.1	(86.8%)
PAT margin	58.34%	48.81%	19.5%	91.80%	(36.4%)
Cash accruals	52.3	402.2	(87.0%)	377.0	(86.1%)
EPS	2.0	15.9	(87.6%)	14.9	(86.8%)

<sup>1</sup> compared to corresponding quarter in the previous year

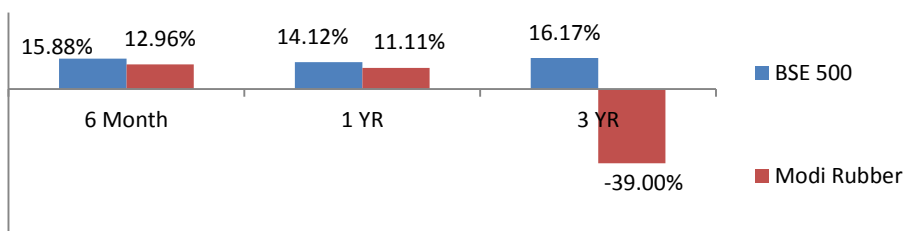
<sup>2</sup> sequential comparisons

Source: Moneycontrol, Company

**Financial Performance:** For the quarter ended 30 September 2012, the total income of MRL significantly decreased to Rs.84.5 mn relative to Rs.817.4 mn in the corresponding period of the previous year. The significant decrease in total income is on account of higher other income reported in the quarter ended 30 September 2011 (Rs.813 mn v/s Rs.76.1 mn for quarter ended 30 September 2012). EBIDTA decreased to Rs.55.9 mn from Rs.404.7 mn Y-o-Y. PAT decreased from Rs.399 mn in quarter ended 30 September 2011 to Rs.49.3 mn.

The company has EPS of Rs.16.4 for the TTM ended 30 September 2012 (Rs.30 for TTM ended 30 June 2012).

### Share Price Performance



**Financials**

<b>P&amp;L (Rs. mn)</b>	<b>Mar '09</b>	<b>Mar' 10</b>	<b>Sep' 11*</b>
Total income	318.0	342.0	954.3
EBIDTA	256.1	57.0	389.2
EBITDA Margin%	80.5%	16.7%	40.8%
Depreciation	21.2	20.7	18.6
EBIT	234.9	36.3	370.6
Interest	40.2	1.4	23.0
PBT (post extraordinary items)	291.6	34.9	504.8
Tax	1.1	0.4	23.3
PAT	290.6	34.6	481.5
PAT Margin %	91.4%	10.1%	50.5%
Dividend (including dividend tax)	-	-	-

**\*FY11 financials are for 18 months between 1 April 2010 to 30 Sep 2011**

<b>Valuation ratios</b>	<b>Mar '09</b>	<b>Mar' 10</b>	<b>Sep' 11</b>
P/E	NA	NA	1.7
P/BV	NA	NA	0.8

<b>Balance Sheet (Rs. mn)</b>	<b>Mar '09</b>	<b>Mar' 10</b>	<b>Sep' 11</b>
Equity Share Capital	250.4	250.4	250.4
Share application money	70.0	70.0	-
Reserves & Surplus (incl. revaluation reserves)	293.5	328.1	820.0
Net worth	613.9	648.5	1,070.4
Borrowings	717.9	594.0	61.5
Current liabilities and provisions	462.9	318.6	555.6
<b>Total liabilities</b>	<b>1,794.7</b>	<b>1,561.1</b>	<b>1,687.5</b>
Net fixed assets (incl CWIP)	190.9	171.2	161.7
Loans and advances (Long term and short term)	341.9	319.4	618.8
Investments	986.9	986.9	426.2
Current assets	234.0	48.1	14.0
Fixed deposits	41.0	35.5	466.8
<b>Total assets</b>	<b>1,794.7</b>	<b>1,561.1</b>	<b>1,687.5</b>

<b>Cash Flow (Rs.mn)</b>	<b>Mar '09</b>	<b>Mar' 10</b>	<b>Sep' 11</b>
PBT	291.6	34.9	504.8
CF from Operations	(273.6)	(99.4)	(157.0)
CF from Investment	181.9	158.8	1,217.3
CF from Financing	77.4	(124.1)	(629.0)
Inc/(dec) in Cash	(14.4)	(64.7)	431.4
<b>Closing Balance</b>	<b>98.9</b>	<b>34.2</b>	<b>465.6</b>

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