

05 April 2013

CMP: Rs.22.5

Industry: Auto Tyres & Rubber Products

BSE group: B

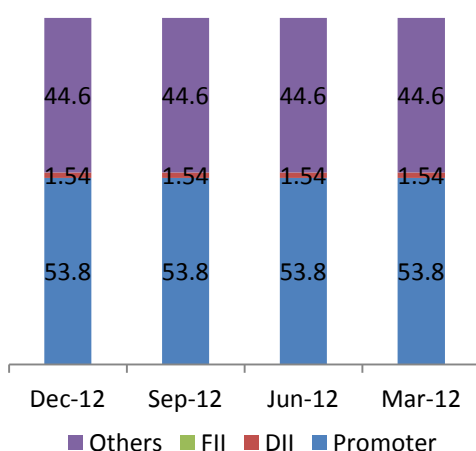
Promoters

R P Jagatia, J. P. Goenka, R P Jagatia, M. P. Kankani

Key Data (as on 26 Feb' 13)

BSE	509148
ISIN	INE011C01015
Face Value (Rs.)	10.0
Mkt Cap (Rs. mn)	491.4
Current P/E	3.4
Current P/BV	1.6
52 week low-high	12.00-38.75
30 days avg daily trading volume	86460
Equity capital (Rs mn)	218.4
Net worth (Rs mn)	303.6

Shareholding Pattern (%)



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Company business

Govind Rubber Limited (GRL) is engaged in the manufacture of rubber products including tyres and tubes. GRL's principal products include cycle tyres, cycle tubes, auto tyres and auto tubes. It manufactures auto tyres in nylon cross ply for mining, skid steers, forklifts, light trucks, motorcycles, scooters and mopeds. It also manufactures tubes and tube valves. GRL has two dedicated manufacturing units for tyres and one manufacturing unit for tubes. All three are in Ludhiana. GRL supplies tyres to a number of Indian bicycle manufacturing companies including TI, Avon, Hero, Atlas, Milton Cycles and Safari Bikes. Its European Clients include Aldi, Epple, Pucky, Panther, Prophete and Trax Bond. GRL is a part of Siyaram Poddar Group (SPG) which has wider interests in textiles and garment (Siyaram's) and paper other than tyres.

Indian tyre industry

Subdued OEM demand, modest replacement demand and relatively muted exports affect the sales growth of the domestic tyre industry during current financial year. According to ICRA, the tyre industry revenues are expected to grow approximately 13-14% during FY13. Lower input costs have resulted in improved margins for many players in the industry. Natural rubber prices have shown declining trend during past 18 months (Rs 162 per kg in December 2012).

Financials

Particulars (Rs in mn)	Oct '12 to Dec '12	Oct '11 to Dec '11	% Change ¹	Jul'12 to Sep '12	% Change ²
Total income	954.8	861.0	10.9%	1082	(11.8%)
Total expenditure	897.6	779.1	15.2%	943.7	(4.9%)
EBIDTA	57.2	81.9	(30.2%)	138.3	(58.6%)
EBIDTA margin	5.99%	9.51%	(37.0%)	12.78%	(53.1%)
PBT	7.3	37.3	(80.4%)	90.1	(91.9%)
PAT	6.3	37.3	(83.1%)	71.3	(91.2%)
PAT margin	0.66%	4.33%	(84.8%)	6.59%	(90.0%)
Cash accruals	13.4	44.5	(69.9%)	78.5	(82.9%)
EPS	0.3	1.7	(83.0%)	3.3	(91.1%)

¹ compared to corresponding quarter in the previous year

² sequential comparisons

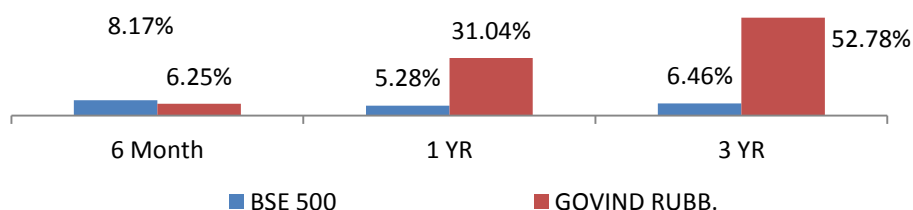
Source: Moneycontrol, Company

Financial Performance

Total income increased by 11% to Rs 954.8 mn in the third quarter of FY13, compared to Rs 861 mn in the same quarter previous year. EBIDTA decreased by 30% Y-o-Y to Rs 57.2 mn (Dec-12 quarter) from Rs 82 mn. Raw material cost (including other expenditures) as a percentage of total income increased to 95% in Dec-12 quarter (80% in Dec-11 quarter). PAT for Dec-12 quarter was Rs 6.3 mn (Rs 37.3 mn in Dec-11 quarter).

The stock price on 31 December 2012 discounts trailing 12 months EPS (Dec-12 quarter) by 5.0 times (2.8 times, Sep-12 quarter).

Share Price Performance



Financials

P&L (Rs. mn)	FY10	FY11	FY12	Balance Sheet (Rs. mn)	FY10	FY11	FY12
Total income	2905.7	3409.1	3406.7	Share Capital	218.4	218.4	218.4
EBIDTA	175.5	253.6	231.5	Reserves & Surplus	(75.5)	(24.8)	85.2
EBIDTA margin	6.0%	7.7%	6.8%	Net worth	142.8	193.7	303.6
Depreciation	27.7	27.8	28.8	Borrowings	1036.9	911.0	985.5
EBIT	147.8	225.8	202.7	Current liabilities/provisions	476.7	823.9	996.0
Interest	115.4	116.0	142.6	Other non-current liabilities	-	160.8	136.2
PBT	32.4	109.8	60.1	Total liabilities	1656.4	2089.4	2421.3
Deferred tax asset (Liability)	-	(58.6)	49.9	Fixed assets	330.2	336.1	345.3
Tax	(0.2)	(0.4)	-	Investments	0.0	0.0	22.3
PAT	32.6	50.7	110.0	Other non-current assets	93.5	31.4	68.7
PAT margin	1.1%	1.5%	3.2%	Deferred tax asset	101.3	42.7	92.8
Dividend (including tax)	-	-	-	Current assets	1131.4	1679.2	1892.2
Dividend per share	-	-	-	Total assets	1656.4	2089.4	2421.3

Valuation ratios	FY10	FY11	FY12	Cash Flow (Rs.mn)	FY10	FY11	FY12
P/E	15.9	10.2	4.7	PBT	32.6	50.7	110.0
P/BV	1.1	2.7	1.7	CF from Operation	316.9	47.6	192.5
				CF from Investment	(46.3)	(36.9)	(61.2)
				CF from Financing	(258.3)	(5.4)	(89.0)
				Inc/(dec) in Cash	12.3	5.4	42.3
				Closing Balance	14.5	20.0	62.3

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