

13 February 2013

**CMP:** Rs.32.55

**Industry:** Auto Tyres & Rubber Products

**BSE group:** B

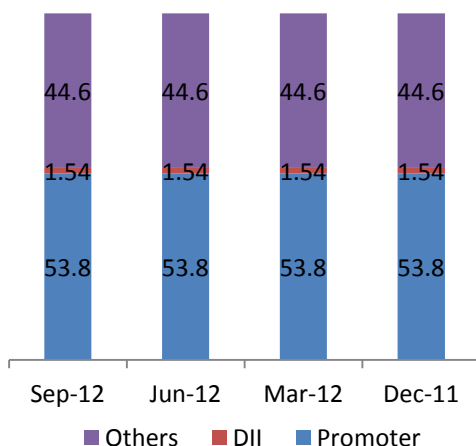
### Promoters

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

### Key Data (as on 21 Jan' 13)

BSE	509148
ISIN	INE011C01015
Face Value (Rs.)	10.0
Mkt Cap (Rs. mn)	710.8
Current P/E	4.0
Current P/BV	2.3
52 week low-high	10.01-38.75
30 days avg daily trading volume	99303
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)	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	1082.0	851.2	27.1%	783.3	38.1%
Total expenditure	943.7	798.2	18.2%	724.3	30.3%
EBIDTA	138.3	53.0	160.9%	59.0	134.4%
EBIDTA margin	12.78%	6.23%	105.3%	7.53%	69.7%
PBT	90.1	12.6	615.1%	10.7	742.1%
PAT	71.3	12.6	465.9%	10.1	605.9%
PAT margin	6.59%	1.48%	345.2%	1.29%	411.1%
Cash accruals	78.5	19.8	296.5%	17.3	353.8%
EPS	3.3	0.6	462.1%	0.5	608.7%

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

<sup>2</sup> sequential comparisons

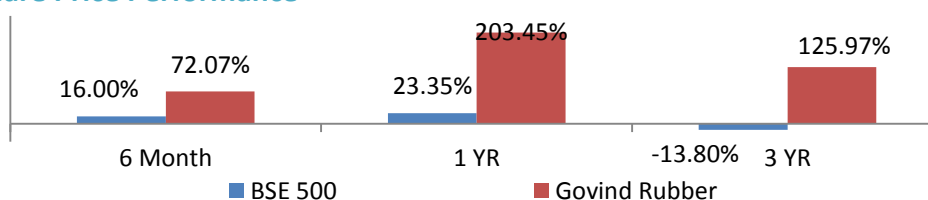
Source: Moneycontrol, Company

### Financial performance

Total income increased by 27% to Rs 1082 mn in the second quarter of FY13, compared to Rs 851 mn in the same quarter previous year. EBIDTA increased by 161% Y-o-Y to Rs 138 mn from Rs 53 mn. Raw material cost (including other expenditures), as a percentage to sales, was lower by 1100 bps to 82% (93%). PAT margin improved from 1.48% to 6.59% in the second quarter of FY13.

The stock price on 30 September 2012 discounts trailing 12 months EPS (Sep-12 quarter) by 2.7 times (2.6 times, Jun-12 quarter).

### Share Price Performance



## Financials

P&L (Rs. mn)	FY10	FY11	FY12	Balance Sheet (Rs. mn)	FY10	FY11	FY12
<b>Total income</b>	2905.7	3409.1	3406.7	Share Capital	218.4	218.4	218.4
<b>EBIDTA</b>	<b>175.5</b>	<b>253.6</b>	<b>231.5</b>	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	<b>Total liabilities</b>	<b>1656.4</b>	<b>2089.4</b>	<b>2421.3</b>
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
<b>PAT</b>	<b>32.6</b>	<b>50.7</b>	<b>110.0</b>	Other non-current assets	93.5	31.4	68.7
PAT margin	<b>1.1%</b>	<b>1.5%</b>	<b>3.2%</b>	Deferred tax asset	101.3	42.7	92.8
Dividend (including tax)	-	-	-	Current assets	1131.4	1679.2	1892.2
Dividend per share	-	-	-	<b>Total assets</b>	<b>1656.4</b>	<b>2089.4</b>	<b>2421.3</b>
<b>Valuation ratios</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>Cash Flow (Rs.mn)</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>
P/E	15.9	10.2	4.7	PBT	32.6	50.7	110.0
P/BV	1.1	2.7	1.7	<b>CF from Operation</b>	<b>316.9</b>	<b>47.6</b>	<b>192.5</b>
				<b>CF from Investment</b>	<b>(46.3)</b>	<b>(36.9)</b>	<b>(61.2)</b>
				<b>CF from Financing</b>	<b>(258.3)</b>	<b>(5.4)</b>	<b>(89.0)</b>
				Inc/(dec) in Cash	12.3	5.4	42.3
				<b>Closing Balance</b>	<b>14.5</b>	<b>20.0</b>	<b>62.3</b>

Source: Company

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