# Goodyear India

## Performance Highlights

| Y/E December (₹ cr) | 3QFY2016 | 3QCY2014* | % chg (yoy) | 2QFY2016 | % chg (qoq) |
|---|---|---|---|---|---|
| **Net sales** | 382 | 402 | *(5.0)* | 432 | *(11.8)* |
| EBITDA | 46 | 40 | *14.4* | 59 | *(22.6)* |
| EBITDA margin (%) | *11.9* | *9.9* | *202bp* | *13.6* | *(168)bp* |
| **Adjusted PAT** | 29 | 25 | *15.2* | 36 | *(19.9)* |

*Source: Company, Angel Research; Note: *reporting changed from CY to FY starting Jan 2015*

Note- Goodyear India (GIL) is shifting from calendar year reporting followed until now, to financial year reporting. Hence FY2016 will consist of five quarters.

GIL reported a disappointing set of numbers for 3QFY2016. Its top-line witnessed a 5.0% yoy decline to ₹382cr. The raw material cost declined by 495bp yoy to 63.4% of sales, while employee and other expense increased by 193bp yoy and 100bp yoy to 7.7% and 16.9% of sales respectively. The EBITDA margin expanded by 202bp yoy to 11.9%. On the back of lower raw material cost, the net profit for the quarter increased by 15.2% yoy to ₹29cr.

**Expansion drive to lead to recovery in top-line:** GIL has laid out plans to significantly grow its presence in the passenger car segment in India, over the next five years. The company aspires to be one of the top players in the mid to premium, and SUV segments, for passenger cars. It is also evaluating entry into newer segments; in order to reach its goal, the company is weighing organic as well as in-organic growth options, to expand in India.

**Strong balance sheet with high RoIC:** GIL is a debt free-cash rich company with RoIC estimated at 75.8% for FY2017. The company's cash and equivalents are expected to be at ₹524cr by FY2017-end, which would amount to ~40% of the current market cap. More importantly, GIL is one of the cheapest MNCs available to invest in, in the similar market cap range.

**Outlook and valuation:** We expect the company's top-line to be at ₹1,888cr and ₹1,680cr in FY2016E and FY2017E respectively. Raw material cost is expected to remain stable over FY2016E-17E resulting in EBITDA margin of 12.1% in FY2016E and 11.9% in FY2017E. Consequently, we estimate the net profit to be at ₹130cr in FY2017E. At the current market price, the stock is trading at a PE of 10.1x its FY2017E earnings. On a TTM basis, GIL is one of the cheapest MNCs available as it trades at a PE of 14.0x while other MNCs (having market cap of ₹1,000cr-₹5,000cr) trade above the 20.0x mark (median of 33.1x). **We maintain our Accumulate rating on the stock and assign a target price of ₹622 based on a target PE of 11x for FY2017E.**

### Key Financials

| Y/E Dec (₹ cr) | CY2012 | CY2013 | CY2014 | FY2016E* | FY2017E |
|---|---|---|---|---|---|
| **Net Sales** | 1,481 | 1,569 | 1,579 | 1,888 | 1,680 |
| *% chg* | *(2.1)* | *5.9* | *0.7* | *19.6* | *(11.0)* |
| **Net Profit** | 57 | 94 | 101 | 144 | 130 |
| *% chg* | *(13.4)* | *66.3* | *7.6* | *41.8* | *(9.1)* |
| EBITDA (%) | 6.1 | 8.9 | 9.7 | 12.1 | 11.9 |
| **EPS (₹)** | 24.5 | 40.8 | 43.9 | 62.2 | 56.6 |
| P/E (x) | 23.4 | 14.0 | 13.0 | 9.2 | 10.1 |
| P/BV (x) | 3.7 | 3.1 | 2.7 | 2.2 | 1.8 |
| RoE (%) | 16.9 | 24.2 | 22.0 | 25.9 | 19.7 |
| RoIC (%) | 65.1 | 95.4 | 94.6 | 102.1 | 75.8 |
| EV/Sales (x) | 0.7 | 0.6 | 0.6 | 0.5 | 0.5 |
| EV/EBITDA (x) | 11.9 | 7.2 | 6.2 | 3.9 | 4.0 |

*Source: Company, Angel Research; Note: *reporting changed from CY to FY starting January 2015; CMP as Nov. 5, 2015*

## ACCUMULATE

| | |
|---|---|
| CMP | ₹573 |
| Target Price | ₹622 |
| Investment Period | 12 Months |

| Stock Info | |
|---|---|
| Sector | Tyres |
| Market Cap (₹ cr) | 1,321 |
| Net Debt | (365) |
| Beta | 0.8 |
| 52 Week High / Low | 713 / 502 |
| Avg. Daily Volume | 20,231 |
| Face Value (₹) | 10 |
| BSE Sensex | 26,304 |
| Nifty | 7,955 |
| Reuters Code | GDYR.BO |
| Bloomberg Code | GDYR IN |

| Shareholding Pattern (%) | |
|---|---|
| Promoters | 74.0 |
| MF / Banks / Indian FIs | 8.0 |
| FII / NRIs / OCBs | 0.8 |
| Indian Public / Others | 17.2 |

| Abs. (%) | 3m | 1yr | 3yr |
|---|---|---|---|
| Sensex | (6.8) | (5.8) | 40.2 |
| GOODYEAR | (10.6) | (13.0) | 73.4 |

### 3-year Daily Price Chart


*Source: Company, Angel Research*

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**Exhibit 1: 2QFY2016 performance**

| Y/E December (₹ cr) | 3QFY16 | 3QCY14* | yoy chg (%) | 2QFY16 | qoq chg (%) | 9MFY2016 | 9MCY2014 | % chg |
|---|---|---|---|---|---|---|---|---|
| **Net Sales** | **382** | **402** | *(5.0)* | **432** | *(11.8)* | **1089** | **1222** | *(10.9)* |
| Net raw material | 242 | 275 | *(11.9)* | 278 | *(13.0)* | 692 | 855 | *(19.1)* |
| *(% of Sales)* | *63.4* | *68.4* | *(495)bp* | *64.3* | *(92)bp* | *63.5* | *70.0* | *(644)bp* |
| Staff Costs | 30 | 23 | *26.7* | 28 | *6.4* | 82 | 68 | *20.3* |
| *(% of Sales)* | *7.7* | *5.8* | *193bp* | *6.4* | *132bp* | *7.5* | *5.6* | *195bp* |
| Other Expenses | 64 | 64 | *1.0* | 68 | *(4.5)* | 184 | 175 | *5.5* |
| *(% of Sales)* | *16.9* | *15.9* | *100bp* | *15.6* | *128bp* | *16.9* | *14.3* | *263bp* |
| **Total Expenditure** | **336** | **362** | *(7.1)* | **374** | *(10.0)* | **958** | **1098** | *(12.7)* |
| **EBITDA** | **46** | **40** | *14.4* | **59** | *(22.6)* | **131** | **124** | *5.5* |
| *EBITDA margin (%)* | *11.9* | *9.9* | *202bp* | *13.6* | *(168)bp* | *12.0* | *10.2* | *186bp* |
| Interest | 1 | 1 | *(12.7)* | 1 | *4.5* | 2 | 3 | *(28.6)* |
| Depreciation | 8 | 7 | *5.0* | 8 | *(4.1)* | 25 | 21 | *18.1* |
| Other Income | 7 | 7 | *10.3* | 6 | *26.7* | 20 | 24 | *(18.6)* |
| **PBT** | **44** | **38** | *16.0* | **56** | *(20.5)* | **124** | **125** | *12.6* |
| *(% of Sales)* | *11.6* | *9.5* | | *12.9* | | *11.4* | *10.2* | |
| Tax | 15 | 13 | *17.6* | 20 | *(21.7)* | 43 | 43 | *1.6* |
| *(% of PBT)* | *34.6* | *34.1* | | *35.1* | | *34.8* | *34.1* | |
| **Reported PAT** | **29** | **25** | *15.2* | **36** | *(19.9)* | **81** | **82** | *(1.6)* |
| *PATM* | *7.6* | *6.3* | | *8.4* | | *7.4* | *6.7* | |
| Equity capital (cr) | 23 | 23 | | 23 | | 23 | 23 | |
| **EPS (₹)** | **12.6** | **10.9** | *15.2* | **15.7** | *(19.9)* | **35.1** | **35.6** | *(1.6)* |

*Source: Company, Angel Research; *reporting changed from CY to FY starting January 2015*

**Exhibit 2: Actual vs. Angel estimates (2QFY2016)**

| | Actual (₹ cr) | Estimate (₹ cr) | Var (%) |
|---|---|---|---|
| **Total Income** | **382** | **412** | *(7.3)* |
| EBIDTA | 46 | 56 | *(18.4)* |
| *EBIDTA margin (%)* | *11.9* | *13.6* | *(163)bp* |
| **Adjusted PAT** | **29** | **37** | *(21.5)* |

*Source: Company, Angel Research*

## Revenue and margin below expectations

For 3QFY2016, GIL reported numbers that were mostly below our estimates. The top-line witnessed a decline of 5.0% yoy to ₹382cr which is below our estimate of ₹412cr. The subdued top-line is owing to poor tractor sales coupled with declining realizations on account of pass through of lower raw material prices. Tractor volumes for M&M and Escorts, have declined in 1HFY2016 by 20.7% and 19.9% yoy respectively. As per our estimates, the overall tractor industry witnessed a volume decline of ~20.3% for the same period. The raw material cost declined by 495bp yoy to 63.4% of sales while employee and other expense increased by 193bp yoy and 100bp yoy to 7.7% and 16.9% of sales respectively. The EBITDA margin expanded by 202bp yoy to 11.9%. On the back of lower raw material cost, the net profit for the quarter increased by 15.2% yoy to ₹29cr.

# Investment rationale

### Focus to be among the leading players in passenger car segment

GIL is targeting towards becoming one of the top players in the passenger car tyre segment in the next five years. The company is focusing on increasing its presence in both the OEM and the aftermarket segments. It will be launching new products and widening its product portfolio in the mid to premium and SUV segments of passenger vehicles. To reach its goal, the company is weighing both organic as well as in-organic growth options to expand in the segment. The Management has indicated that apart from farm and passenger car tyres, it is looking at entering into newer segments and ramping up newer launches to grow in India.

### Continuous innovation to aid growth

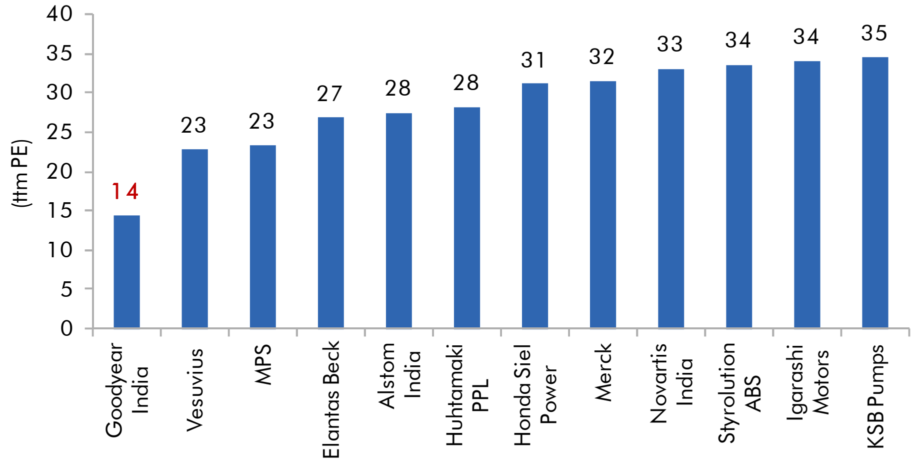
GIL is a 74% subsidiary (indirect) of Goodyear Tire & Rubber Company (USA). GIL benefits from the advanced technology and support from its American parent which helps it in launching technologically superior products for the Indian markets. In the past year, it launched *Run-on-Flat tyres*, which have a capability of covering a distance of up to 80km after a puncture. Recently, the company has launched *Assurance TripleMax* tyre with *HYDROGRIP* technology, which has the ability to reduce braking distance by more than 2 meters on wet roads compared to other tyres. The company had been drawing mixed reviews for its products in the past. However, the reviews have now turned more favorable with various measures adopted by the company to further improve the quality of its product portfolio. Introduction of innovative products and technologies has enabled GIL to shore up consumer confidence and initiatives like "Worry Free Service Program" are likely to work in favor of the company going forward.

### Strong balance sheet with high RoIC; valuations remain attractive!

GIL is a debt free-cash rich company with RoIC estimated at 75.8% for FY2017. The company's cash and equivalents are expected to be at ₹524cr by FY2017-end, which would amount to ~40% of the current market cap.

As far as valuations are concerned, GIL is among the cheapest MNCs available with market cap in the range of ₹1,000cr-₹5,000cr. On TTM basis, GIL trades at a P/E of 14.0x vis-à-vis median TTM PE of ~33.1x for other MNCs. Thus, GIL is available at an attractive valuation considering the fact that all other MNCs are trading above the 20.0x mark.

**Exhibit 3: On TTM PE basis, GIL is cheapest amongst MNCs**



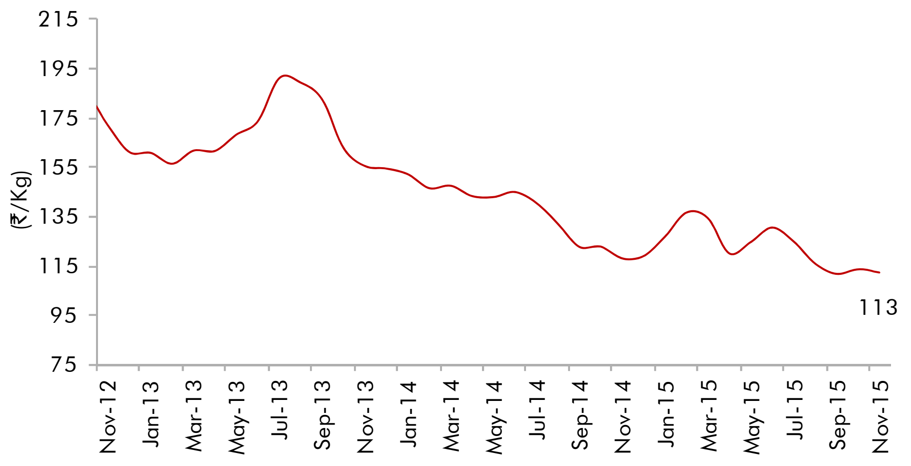

*Source: Company, Angel Research*

## Stable rubber prices to keep margins at current levels

Natural Rubber (NR) has been trading at lower levels in the recent past leading to tyre companies reporting all-time-high margins. NR prices are unlikely to increase significantly, tracing high global inventory levels and slowdown in demand from China. Moreover, price of SBR (synthetic rubber) is expected to remain under pressure tracing weakness in butadiene prices.

Despite Thai government's efforts to shore up NR prices by curtailing supplies, NR continues to show no signs of gaining strength and is likely to remain range bound, at around current levels. NR currently trades at ₹112/kg in the domestic market; we expect it to likely trade at the levels of ~₹130/kg in the near future.

**Exhibit 4: Domestic Monthly Average Prices**



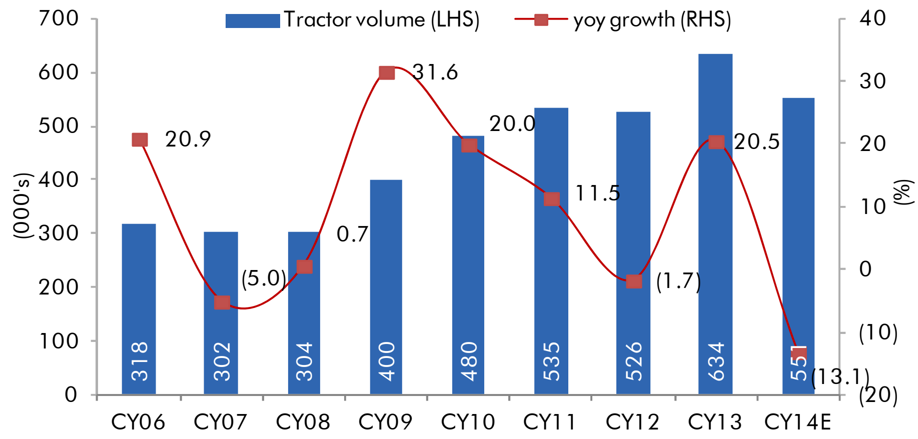

*Source: Rubber Board, Angel Research*

**Tractor demand outlook muted in the near term, long term prospects remain intact**

GIL is a market leader in the tractor tyre industry, with a market share of ~22% in the front tyre segment and ~34% in the rear tyre segment. After a strong performance in the first two quarters of calendar year 2014, tractor sales declined on a month on month basis in the latter half of the year. The trend seems to be continuing with tractor sales being dismal in 2015, mainly due to unseasonal rains; further, only a moderate increase in minimum support prices (MSPs) this year has hurt the rural economy, and in turn, tractor sales numbers.

Industry reports suggest that the tractor industry is expected to post a CAGR of 6-7% over the next five years due to an anticipated increase in MSPs, easy availability of financing, government initiatives to improve irrigation (aimed at reducing dependence on erratic monsoon) and need for higher level of tractor penetration.

**Exhibit 5: Domestic Tractor sales trend**



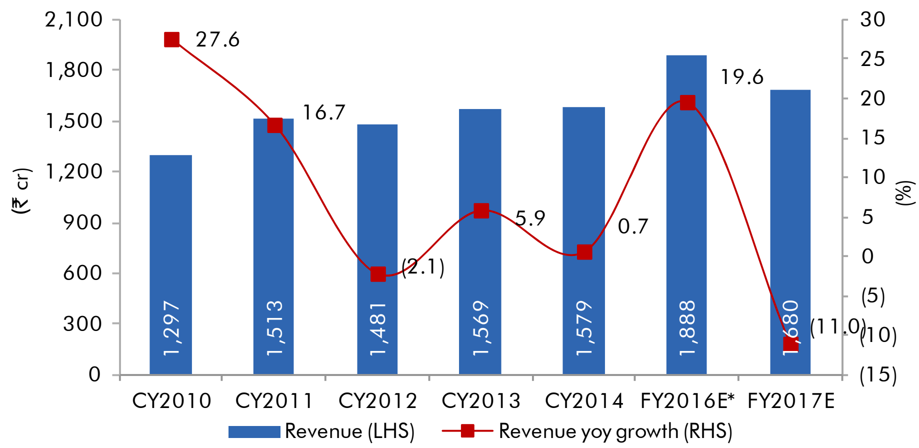

*Source: TMA, Industry Reports, Angel Research*

## Financials

### Revenue growth to recover in CY2016

Although the near term outlook remains subdued owing to poor tractor sales, we expect stable improvement in the company's performance over FY2016E-17E citing recovery in tractor sales, Management's drive to expands its presence in the passenger vehicle segment and entry into newer segments. We expect GIL's revenue to be at ₹1,888cr and ₹1,680cr in FY2016E and FY2017E, respectively.

**Exhibit 6: Top-line to recover**

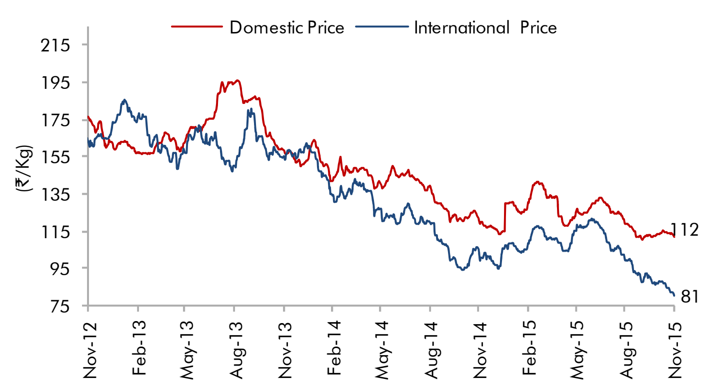



*Source: Company, Angel Research; *reporting changed from CY to FY starting January 2015*

### Improvement in margins

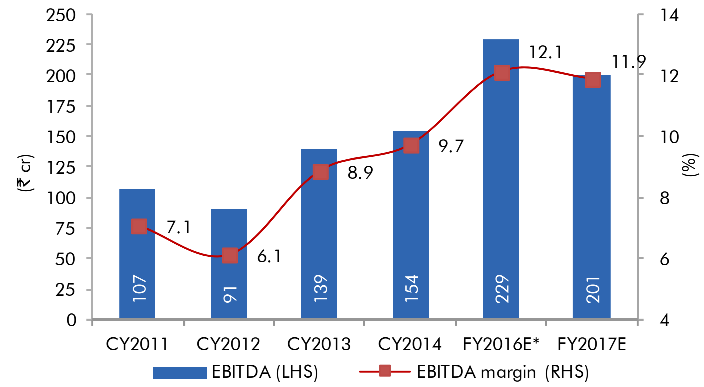
Domestic rubber prices have seen a declining trend since November 2011 from the high of ~₹200/kg to current levels of ~₹112/kg while international prices are trading close at ~₹81/kg. We expect rubber prices to remain at an average level of ~₹130/kg in FY2016-17E, thus leading the EBITDA margin to be at 11.9%

**Exhibit 7: Rubber price trend**




*Source: Rubber Board, Angel Research*

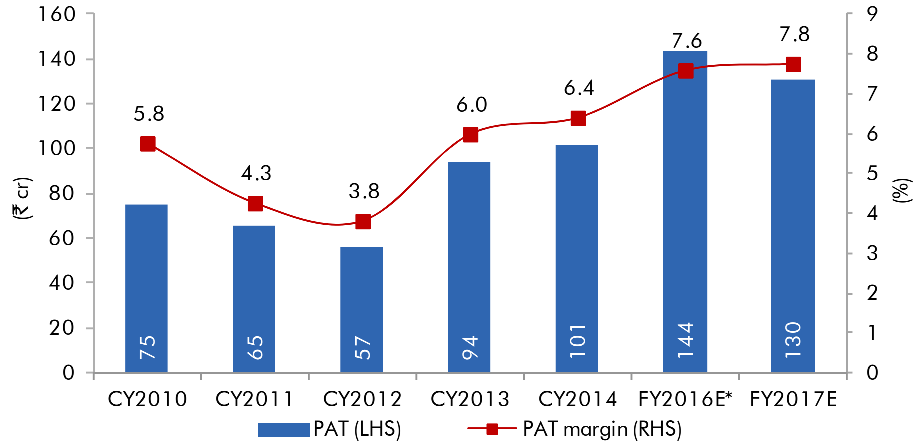
**Exhibit 8: Improvement in EBITDA margin...**




*Source: Company, Angel Research; *reporting changed from CY to FY starting January 2015*

Led by recovery in volumes, coupled with raw material prices remaining at lower levels, the net profit is expected to be at ₹144cr and at ₹130cr in FY2016E and FY2017E, respectively.

**Exhibit 9: Net profit trend**




*Source: Company, Angel Research; *reporting changed from CY to FY starting January 2015*

## Outlook and valuation

We have estimated the top-line to be at ₹1,888cr and ₹1,680cr in FY2016E (15 months) and FY2017E, respectively, while the net profit is expected to be at ₹144cr and ₹130cr for the same period. At the current market price, GIL trades at a PE of 10.1x its FY2017E earnings (14.0x on TTM basis). GIL is among the cheapest stocks available in the MNC space (with market cap in the range of ₹1,000cr-₹1,500cr). All other MNCs, falling in a similar market cap range, are trading above the 20.0x mark on TTM basis with median PE being 33.1x. **We maintain our Accumulate recommendation on the stock and assign a target price of ₹622 based on a target PE of 11x for FY2017E.**

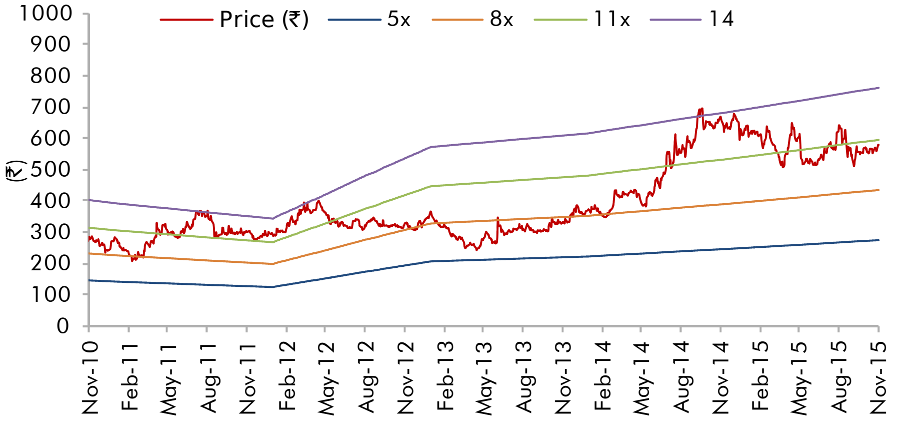
**Exhibit 10: Relative valuation**

| | Year end | Sales (₹ cr) | OPM (%) | PAT (₹ cr) | EPS (₹) | ROE (%) | P/E (x) | P/BV (x) | EV/EBITDA (x) | EV/Sales (x) |
|---|---|---|---|---|---|---|---|---|---|---|
| Apollo | FY2017E | 12,689 | 16.0 | 968 | 19.0 | 14.1 | 8.4 | 1.1 | 5.0 | 0.8 |
| MRF | FY2017E | 14,488 | 21.1 | 1,611 | 3,797.9 | 21.2 | 10.1 | 1.9 | 4.8 | 1.0 |
| **Goodyear** | **FY2017E** | **1,680** | **11.9** | **130** | **56.6** | **19.7** | **10.1** | **1.8** | **4.0** | **0.5** |

*Source: Angel Research*

GIL is fairly priced vis-à-vis its peers in the tyre industry in terms of PE and PBV multiples considering its high ROE; but it is trading at a relatively lower valuation of 0.5x EV/Sales multiple based on FY2017E earnings.

**Exhibit 11: One-year forward P/E band**




*Source: Company, Angel Research*

## Risks

**Volatile rubber prices:** Rubber constitutes ~65% of the total raw-material cost in the manufacture of tyres. Domestic rubber prices have declined from the level of ₹200/kg in June 2012 to average levels of ₹135/kg in CY2014 and to ₹112/kg currently. However, any increase in rubber prices would have a negative impact on the company's EBITDA margin and consequently on its profit.

**Concentrated product portfolio:** GIL's product portfolio is primarily concentrated to tractor and passenger car tyres. Both these segments constitute ~98% of the total tonnage off-take of the company. Due to high dependency on these segments, GIL is exposed to the risk of any slowdown in these segments.

**Termination of off-take agreement:** GIL is in an off-take agreement (on a non-exclusive basis and can be terminated by either party with a four-month notice) with Goodyear South Asia Tyres Pvt Ltd, from which it procures passenger vehicle tyres. Considering that a significant percentage of GIL's sales are backed by this agreement, termination of the same may affect GIL's sales considerably.

**Hike in import duty of rubber:** In the wake of falling domestic rubber prices, the Central Government has increased the import duty on natural rubber to lower of 25% or ₹30/kg, from lower of 20% or ₹30/kg. Further upward revision in the import duty will have an adverse impact on GIL's profitability.

## Company Background

GIL is a subsidiary of Goodyear Orient Company (Private) Ltd (a wholly owned subsidiary of Goodyear Tire and Rubber Company, USA), which holds a 74% stake in the company. The company majorly caters to the tractor tyre segment, where it has a market share of ~22.0% in tractor front tyres and ~34.3% in tractor rear tyres as of CY2012.

## Profit & Loss Statement

| Y/E December (₹ cr) | CY2012 | CY2013 | CY2014 | FY2016E* | FY2017E |
|---|---|---|---|---|---|
| Gross sales | 1,613 | 1,706 | 1,709 | 2,048 | 1,822 |
| Less: Excise duty | 132 | 137 | 130 | 160 | 142 |
| Net Sales | 1,481 | 1,569 | 1,579 | 1,888 | 1,680 |
| Other operating income | - | - | - | - | - |
| Total operating income | 1,481 | 1,569 | 1,579 | 1,888 | 1,680 |
| *% chg* | *(2.1)* | *5.9* | *0.7* | *19.6* | *(11.0)* |
| Net Raw Materials | 1,102 | 1,116 | 1,094 | 1,210 | 1,086 |
| Personnel | 81 | 88 | 99 | 140 | 124 |
| Other | 207 | 226 | 232 | 310 | 269 |
| Total Expenditure | 1,391 | 1,430 | 1,426 | 1,660 | 1,480 |
| EBITDA | 91 | 139 | 154 | 229 | 201 |
| *% chg* | *(15.3)* | *53.2* | *10.5* | *49.0* | *(12.3)* |
| *(% of Net Sales)* | *6.1* | *8.9* | *9.7* | *12.1* | *11.9* |
| Depreciation | 24 | 25 | 29 | 39 | 35 |
| EBIT | 67 | 114 | 125 | 190 | 166 |
| *% chg* | *(23.7)* | *70.8* | *9.9* | *51.8* | *(12.8)* |
| *(% of Net Sales)* | *4.5* | *7.3* | *7.9* | *10.1* | *9.9* |
| Interest & other charges | 4 | 2 | 3 | 4 | 3 |
| Other Income | 22 | 30 | 32 | 31 | 35 |
| *(% of sales)* | *1.5* | *1.9* | *2.0* | *1.6* | *2.1* |
| PBT | 85 | 142 | 154 | 217 | 198 |
| *% chg* | *(12.1)* | *67.7* | *8.2* | *41.7* | *(9.1)* |
| Tax | 28 | 48 | 52 | 74 | 67 |
| *(% of PBT)* | *33.5* | *33.7* | *34.0* | *34.0* | *34.0* |
| PAT (reported) | 56 | 94 | 101 | 144 | 130 |
| Extraordinary (Exp)/Inc. | (0) | - | - | - | - |
| ADJ. PAT | 57 | 94 | 101 | 144 | 130 |
| *% chg* | *(13.4)* | *66.3* | *7.6* | *41.8* | *(9.1)* |
| *(% of Net Sales)* | *3.8* | *6.0* | *6.4* | *7.6* | *7.8* |
| Basic EPS (₹) | 24.5 | 40.8 | 43.9 | 62.2 | 56.6 |
| Fully Diluted EPS (₹) | 24.5 | 40.8 | 43.9 | 62.2 | 56.6 |
| *% chg* | *(12.4)* | *66.3* | *7.6* | *41.8* | *(9.1)* |

**reporting changed from CY to FY starting January 2015*

**Balance Sheet**

| Y/E December (₹ cr) | CY2012 | CY2013 | CY2014E | FY2016E* | FY2017E |
|---|---|---|---|---|---|
| SOURCES OF FUNDS | | | | | |
| Equity Share Capital | 23 | 23 | 23 | 23 | 23 |
| Preference Capital | - | - | - | - | - |
| Reserves& Surplus | 331 | 400 | 474 | 589 | 692 |
| **Shareholders' Funds** | **354** | **424** | **497** | **613** | **715** |
| Minority Interest | - | - | - | - | - |
| Total Loans | - | - | - | - | - |
| Deferred Tax Liability | 11 | 13 | 14 | 12 | 12 |
| Other Long Term Liabilities | - | 3 | 5 | 4 | 4 |
| Long Term Provisions | 19 | 20 | 21 | 25 | 22 |
| **Total Liabilities** | **384** | **459** | **536** | **653** | **753** |
| APPLICATION OF FUNDS | | | | | |
| Gross Block | 398 | 430 | 481 | 541 | 595 |
| Less: Acc. Depreciation | 201 | 220 | 241 | 280 | 316 |
| **Net Block** | **198** | **210** | **240** | **261** | **280** |
| Capital Work-in-Progress | 17 | 32 | 17 | 10 | 10 |
| Goodwill | - | - | - | - | - |
| Investments | - | - | - | - | - |
| Long Term Loans and adv. | 19 | 17 | 19 | 15 | 15 |
| Other non-current assets | 0 | 0 | 1 | 1 | 1 |
| **Current Assets** | **507** | **600** | **617** | **701** | **823** |
| Cash | 238 | 317 | 365 | 425 | 524 |
| Loans & Advances | 6 | 10 | 6 | 11 | 10 |
| Inventory | 104 | 99 | 123 | 124 | 133 |
| Debtors | 154 | 165 | 112 | 133 | 148 |
| Other Current Assets | 4 | 9 | 10 | 8 | 8 |
| Current liabilities | 357 | 400 | 358 | 335 | 376 |
| **Net Current Assets** | **150** | **200** | **259** | **366** | **447** |
| Misc. Exp. not written off | - | - | - | - | - |
| Total Assets | 384 | 459 | 536 | 653 | 753 |

**reporting changed from CY to FY starting January 2015*

## Cash Flow Statement

| Y/E December (₹ cr) | CY2012 | CY2013 | CY2014E | FY2016E* | FY2017E |
|---|---|---|---|---|---|
| Profit before tax | 85 | 142 | 154 | 217 | 198 |
| Depreciation | 24 | 25 | 29 | 39 | 35 |
| Change in Working Capital | (40) | 29 | (11) | (46) | 18 |
| Other income | (22) | (30) | (32) | (31) | (35) |
| Direct taxes paid | (28) | (48) | (52) | (75) | (67) |
| Others | 7 | 14 | 12 | - | - |
| **Cash Flow from Operations** | **26** | **131** | **99** | **104** | **149** |
| (Inc.)/Dec. in Fixed Assets | (23) | (46) | (36) | (53) | (54) |
| (Inc.)/Dec. in Investments | - | - | - | - | - |
| (Incr)/Decr In L.T. loan and adv. | (4) | 2 | (2) | 3 | - |
| Other income | 22 | 30 | 32 | 31 | 35 |
| Others | (10) | (18) | (17) | - | - |
| **Cash Flow from Investing** | **(14)** | **(32)** | **(24)** | **(19)** | **(19)** |
| Issue of Equity | - | - | - | - | - |
| Inc./(Dec.) in loans | - | - | 2 | (1) | - |
| Inc./(Dec.) in L.T. Pro. & Liab. | 1 | 1 | 1 | 4 | (3) |
| Dividend Paid (Incl. Tax) | (19) | (24) | (28) | (28) | (28) |
| Others | (5) | 3 | (2) | - | - |
| **Cash Flow from Financing** | **(23)** | **(21)** | **(27)** | **(25)** | **(30)** |
| Inc./(Dec.) in Cash | (11) | 78 | 48 | 60 | 99 |
| **Opening Cash balances** | **249** | **238** | **317** | **365** | **425** |
| Closing Cash balances | 238 | 317 | 365 | 425 | 524 |

**reporting changed from CY to FY starting January 2015*

## Key Ratios

| Y/E December | CY2012 | CY2013 | CY2014E | CY2015E | CY2016E |
|---|---|---|---|---|---|
| Valuation Ratio (x) | | | | | |
| P/E (on FDEPS) | 23.4 | 14.0 | 13.0 | 9.2 | 10.1 |
| P/CEPS | 16.4 | 11.1 | 10.2 | 7.2 | 8.0 |
| P/BV | 3.7 | 3.1 | 2.7 | 2.2 | 1.8 |
| Dividend yield (%) | 1.2 | 1.6 | 1.7 | 1.7 | 1.7 |
| EV/Sales | 0.7 | 0.6 | 0.6 | 0.5 | 0.5 |
| EV/EBITDA | 11.9 | 7.2 | 6.2 | 3.9 | 4.0 |
| EV / Total Assets | 2.8 | 2.2 | 1.8 | 1.4 | 1.1 |
| Per Share Data (₹) | | | | | |
| EPS (Basic) | 24.5 | 40.8 | 43.9 | 62.2 | 56.6 |
| EPS (fully diluted) | 24.5 | 40.8 | 43.9 | 62.2 | 56.6 |
| Cash EPS | 35.0 | 51.7 | 56.3 | 79.1 | 71.8 |
| DPS | 7.0 | 9.0 | 10.0 | 10.0 | 10.0 |
| Book Value | 153.5 | 183.6 | 215.4 | 265.6 | 310.1 |
| Dupont Analysis | | | | | |
| EBIT margin | 4.5 | 7.3 | 7.9 | 10.1 | 9.9 |
| Tax retention ratio | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 |
| Asset turnover (x) | 14.5 | 13.1 | 11.9 | 10.2 | 7.7 |
| ROIC (Post-tax) | 43.4 | 63.2 | 62.4 | 67.4 | 50.0 |
| Cost of Debt (Post Tax) | - | - | - | - | - |
| Leverage (x) | (0.7) | (0.7) | (0.7) | (0.7) | (0.7) |
| Operating ROE | 14.2 | 16.0 | 16.6 | 20.6 | 13.4 |
| Returns (%) | | | | | |
| ROCE (Pre-tax) | 18.3 | 27.0 | 25.1 | 31.9 | 23.5 |
| Angel ROIC (Pre-tax) | 65.1 | 95.4 | 94.6 | 102.1 | 75.8 |
| ROE | 16.9 | 24.2 | 22.0 | 25.9 | 19.7 |
| Turnover ratios (x) | | | | | |
| Asset Turnover | 3.8 | 3.8 | 3.5 | 3.7 | 3.0 |
| Inventory / Sales (days) | 23 | 24 | 26 | 30 | 28 |
| Receivables (days) | 35 | 37 | 32 | 32 | 32 |
| Payables (days) | 118 | 124 | 126 | 126 | 126 |
| WC (ex-cash) (days) | (27) | (24) | (26) | (20) | (15) |
| Solvency ratios (x) | | | | | |
| Net debt to equity | (0.7) | (0.7) | (0.7) | (0.7) | (0.7) |
| Net debt to EBITDA | (2.6) | (2.3) | (2.4) | (1.9) | (2.6) |
| Interest Coverage | 17.5 | 52.7 | 36.7 | 53.9 | 63.7 |

**reporting changed from CY to FY starting January 2015*

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| Disclosure of Interest Statement | Goodyear India |
|---|---|
| 1. Analyst ownership of the stock | No |
| 2. Angel and its Group companies ownership of the stock | No |
| 3. Angel and its Group companies' Directors ownership of the stock | No |
| 4. Broking relationship with company covered | No |

*Note: We have not considered any Exposure below ₹1 lakh for Angel, its Group companies and Directors*

| | | | |
|---|---|---|---|
| *Ratings (Based on expected returns over 12 months investment period):* | *Buy (> 15%)* | *Accumulate (5% to 15%)* | *Neutral (-5 to 5%)* |
| | | *Reduce (-5% to -15%)* | *Sell (< -15%)* |