

10 October 2013

CMP: Rs.28

Industry: Textiles - Cotton

BSE group: B

Promoters

Kallam Group (Kallam Mohan Reddy & family)

Key Data (as on 10 Oct' 13)

BSE	530201
ISIN	INE629F01017
Face Value (Rs.)	10.0
Mkt Cap (Rs. mn)	191.8
Current P/E	2.1
Current P/BV	0.4
52 week low-high	18.45-42.50
30 days avg daily trading volume	649
Equity capital (Rs mn)	68.5
Net worth (Rs mn)	398.5

Company business

Kallam Spinning Mills Limited ('KSML') is engaged in the manufacture and sale of cotton yarn. The company's product portfolio comprised of both ring-spun and open-ended yarns. While it markets its products globally, KSML's primary focus is on the domestic market from where it derives the bulk (80-90%) of its revenues. KSML is headquartered in Guntur, Andhra Pradesh and is the flagship company of the Kallam group which also operates in the housing, agriculture, education and cottonseed oil industries through various group entities. The company also has a captive hydro-power division, with a total capacity of 4 MW spread across its three plants in the Khammam district of Andhra Pradesh.

Financials

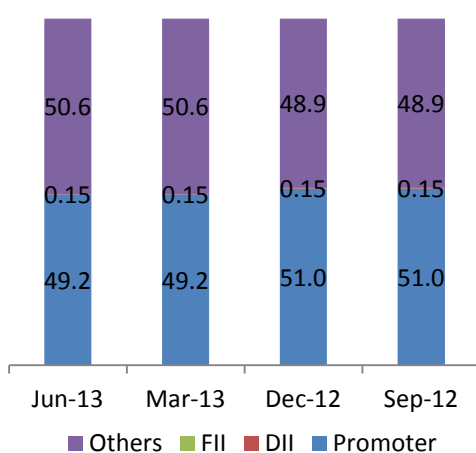
Particulars (Rs in mn)	Apr '13 to Jun '13	Apr '12 to Jun '12	% Change ¹	Jan'13 to Mar '13	% Change ²
Total income	495.5	449.4	10.3%	523.4	(5.3%)
Total operating expenditure	389.6	369.8	5.4%	459.5	(15.2%)
EBIDTA	105.9	79.6	33.0%	63.9	65.7%
EBIDTA margin	21.4%	17.7%		12.2%	
PBT	50.9	21.2	140.1%	5.6	808.9%
PAT	41.0	10.1	305.9%	(15.7)	-
PAT margin	8.3%	2.2%		negative	
Cash accruals	60.2	30.3	98.7%	3.6	1,572.2%
EPS	6.0	1.5	306.8%	(2.3)	-

¹ compared to the corresponding quarter in the previous year

² sequential comparisons

Source: Moneycontrol, Company

Shareholding Pattern (%)



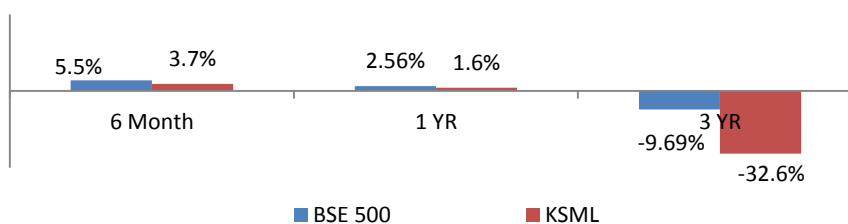
Financial Performance

For the quarter ended 30 June 2013, total income of the company increased by 10.3% to Rs.495.5 mn from Rs.449.4 mn in the same quarter of the previous year. EBIDTA increased to Rs.105.9 mn from Rs.79.6 mn in the corresponding quarter of the previous year. Relatively higher growth in EBIDTA is attributed to lower operating cost. The company's PAT increased from Rs.10.1 mn to Rs.41.0 mn Y-o-Y.

The share price on 30 June 2013 discounts the TTM EPS (Rs.13.5) for the quarter ended 30 June 2013 by 1.5 times (was 3.5 times for TTM ended 31 March 2013).

The company did not pay dividends to its shareholders for FY13.

Share Price Performance



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Financials

P&L (Rs. mn)	FY10	FY11	FY12
Total income	819	1,374	1,559
EBIDTA	188	331	194
EBIDTA margin	23%	24%	12%
Depreciation	49	57	69
EBIT	139	275	125
Interest	60	75	124
PBT	79	200	1
Tax	18	60	(5)
PAT	61	140	6
PAT Margin	7%	10%	0.4%
Dividend	11	14	-
Dividend Payout	18%	10%	0%

Valuation ratios	FY10	FY11	FY12
P/E	2.7	2.6	29.7
P/BV	0.6	0.9	0.4

Note: In spite of the fall in earnings, the price has not adjusted in the market leading to a relatively higher P/E multiple in FY12

Balance Sheet (Rs. mn)	FY10	FY11	FY12
Share Capital	69	69	69
Reserves & Surplus	198	324	330
Net worth	267	392	398
Borrowings	1,017	1,295	1,446
Other liabilities	149	243	247
Total liabilities	1,433	1,930	2,092
Net fixed assets	987	1,133	1,312
Other non-current assets	-	-	-
Loans and Advances	94	167	193
Current Assets	352	630	587
Total assets	1,433	1,930	2,092

Cash Flow (Rs.mn)	FY10	FY11	FY12
PBT	79	200	1
CF from Operation	37	9	222
CF from Investment	(209)	(211)	(240)
CF from Financing	159	205	14
Inc/(dec) Cash	(13)	3	(4)
Closing Balance	8	12	7

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