

06 February 2013

CMP: Rs.243

Industry: Textiles – Cotton Yarn

BSE group: B

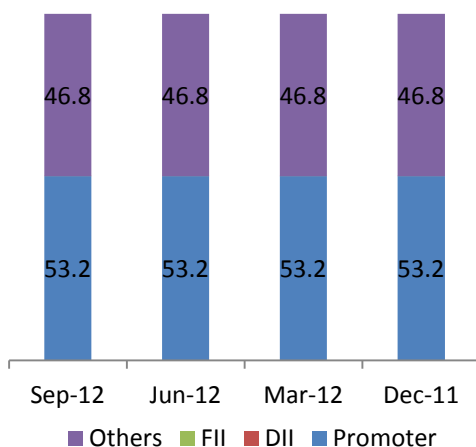
Promoters

PR Ramasubrahmaneya Rajha & family
(Ramco group)

Key Data (as on 20 Nov' 12)

BSE	532503
ISIN	INE296E01026
Face Value (Rs.)	10.0
Mkt Cap (Rs. mn)	1792.4
Current P/E	9.2
Current P/BV	1.1
52 week low-high	168.70-266.65
30 days avg daily trading volume	719
Equity capital (Rs mn)	73.8
Net worth (Rs mn)	1,569.0

Shareholding Pattern (%)



Initiation Report

[Rajapalayam Mills Limited](#)

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Company business

Rajapalayam Mills Limited ('RML') is primarily engaged in the production and sale of cotton yarns and fabrics. It has an aggregate capacity of more than 120,000 spindles installed in its spinning mills across Tamil Nadu, Andhra Pradesh and Karnataka. In recent years, the company has attempted to diversify into areas like tissue culture and windmill power generation which currently contributes around 8% to the overall revenues. RML (promoted by the PR Ramasubrahmaneya Rajha family) is part of the Ramco Group which has diversified interests in cements (Madras Cements), building products (Ramco Industries) and software solutions (Ramco Systems).

Recent Developments

In order to help the textile manufacturers tide over their loan repayment woes, the Government approved a debt restructuring package worth Rs.350 bn for the industry in September 2012. The package is expected to help a lot of the smaller textile players to return to profitability.

Financials

Particulars (Rs in mn)	Jul '12 to Sep '12	Jul '11 to Sep '11	% Change ¹	Apr'12 to Jun '12	% Change ²
Total income	1025.5	1001.7	2.4%	849.4	20.7%
Total expenditure	778.1	825.6	(5.8%)	680.8	14.3%
EBIDTA	247.4	176.1	40.5%	168.6	46.7%
EBIDTA margin	24.1%	17.6%	37.2%	19.9%	21.5%
PBT	106.3	4.3	2372.1%	21.3	399.1%
PAT	77.4	12.3	529.3%	14.7	426.5%
PAT margin	7.6%	1.2%	514.7%	1.7%	336.1%
Cash accruals	149.1	89.9	65.9%	87.0	71.4%
EPS	10.5	1.8	499.4%	2.0	427.1%

¹ compared to corresponding quarter in the previous year

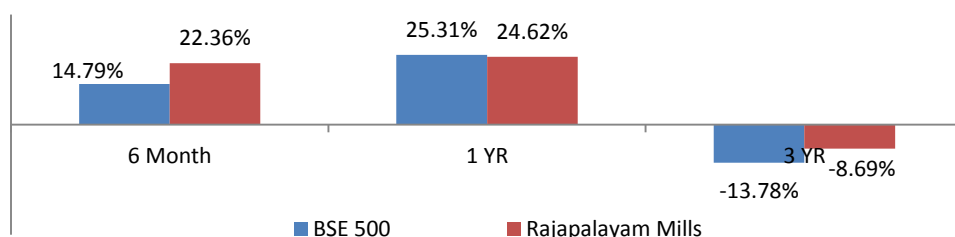
² sequential comparisons

Source: Moneycontrol, Company

Financial Performance

An increase in the revenues from all the three divisions (textile, power and tissue culture), coupled with a fall in expenses as compared to the same period in the previous year has significantly pushed up the profitability of the company. In addition, the interest expenses have reduced from Rs.94.2 mn to Rs.69.4 mn, thereby resulting in an overall PAT of Rs.77.4 mn, up from Rs.12.3 mn reported in the same quarter last year.

Share Price Performance



Financials

P&L (Rs. mn)	FY10	FY11	FY12
Total income	2,844	3,370	3,471
EBIDTA	749	995	618
EBIDTA margin	26%	30%	18%
Depreciation	303	321	301
EBIT	446	674	318
Interest	297	285	371
PBT	149	389	(53)
Tax	30	120	(66)
PAT	119	269	13
PAT Margin	4%	8%	0%

Valuation ratios	FY10	FY11	FY12
P/E	6.16	2.72	117.18
P/BV	0.57	0.49	0.98

Balance Sheet (Rs. mn)	FY10	FY11	FY12
Share Capital	35	35	74
Reserves & Surplus	1,240	1,447	1,495
Net worth	1,275	1,482	1,569
Borrowings	3,587	4,097	2,972
Other liabilities	641	877	671
Total liabilities	5,503	6,456	5,212
Net fixed assets	3,015	3,293	3,124
Other non-current assets	388	508	560
Loans and Advances	1,036	841	476
Current Assets	1,064	1,815	1,052
Total assets	5,503	6,456	5,212

Cash Flow (Rs.mn)	FY10	FY11	FY12
PBT	149	389	(53)
CF from Operation	398	131	1,214
CF from Investment	102	(510)	(1)
CF from Financing	(472)	387	(1,238)
Inc/(dec) Cash	29	8	(26)
Closing Balance	56	64	38

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