

10 February 2014

**CMP:** Rs.229.8

**Industry:** Textiles – Cotton Yarn

**BSE group:** B

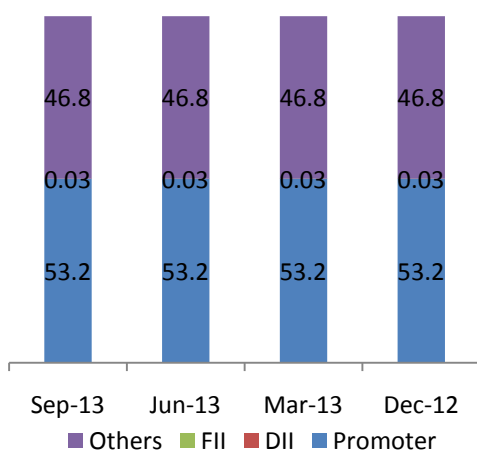
### Promoters

PR Ramasubrahmaneya Rajha & family  
(Ramco group)

### Key Data (as on 11Nov' 13)

|                                  |               |
|----------------------------------|---------------|
| BSE                              | 532503        |
| ISIN                             | INE296E01026  |
| Face Value (Rs.)                 | 10.0          |
| Mkt Cap (Rs. mn)                 | 1695.0        |
| Current P/E                      | 5.5           |
| Current P/BV                     | 1.0           |
| 52 week low-high                 | 187.10-291.85 |
| 30 days avg daily trading volume | 437           |
| Equity capital (Rs mn)           | 73.8          |
| Net worth (Rs mn)                | 1,755.1       |

### Shareholding Pattern (%)



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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

The scheme of amalgamation of wholly owned subsidiary M/s. Rajapalayam Spinners Limited (RSL) with M/s. Rajapalayam Mills Ltd (RML) has been approved by the High Court of Madras.

### Financials

| Particulars (Rs in mn)      | Jul '13 to Sep '13 | Jul '12 to Sep '12 | % Change <sup>1</sup> | Apr'13 to Jun '13 | % Change <sup>2</sup> |
|-----------------------------|--------------------|--------------------|-----------------------|-------------------|-----------------------|
| Total income                | 1,126.5            | 923.0              | 22.0%                 | 1,010.8           | 11.4%                 |
| Total operating expenditure | 816.7              | 675.6              | 20.9%                 | 749.4             | 9.0%                  |
| EBIDTA                      | 309.8              | 247.4              | 25.2%                 | 261.4             | 18.5%                 |
| EBIDTA margin               | 27.50%             | 26.80%             | 2.6%                  | 25.86%            | 6.3%                  |
| PBT                         | 164.0              | 106.3              | 54.3%                 | 110.5             | 48.4%                 |
| PAT                         | 122.9              | 77.4               | 58.8%                 | 70.1              | 75.3%                 |
| PAT margin                  | 10.91%             | 8.39%              | 30.1%                 | 6.94%             | 57.3%                 |
| Cash accruals               | 195.9              | 149.1              | 31.4%                 | 145.3             | 34.8%                 |
| EPS                         | 17.0               | 11.0               | 54.5%                 | 9.0               | 88.9%                 |

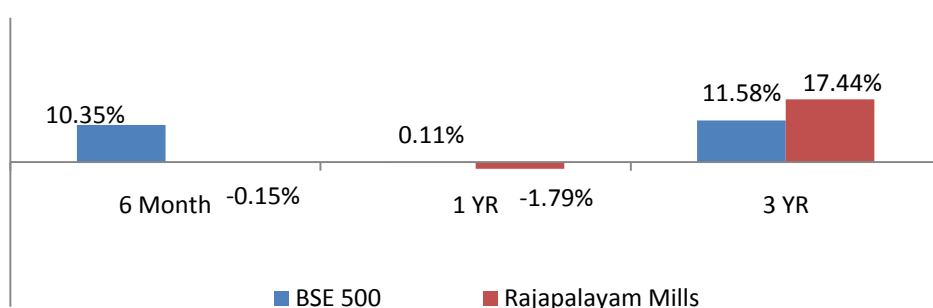
<sup>1</sup> compared to corresponding quarter in the previous year<sup>2</sup> sequential comparisons

Source: Money control, Company

### Financial Performance

In the quarter ended 30<sup>th</sup> Sept, 2013, incomes from other sources have increased from Rs 31.7mn to Rs 42.3mn (July-Sept'12). Incomes from textiles have increased compared to income from wind mills due to which the total income has increased from Rs 923mn (July-Sept'12) to Rs 1126.5mn (July-Sept'13). Power & fuel cost have increased by 70%. PBT have increased from Rs 106mn to 164mn. PAT has increased from Rs 77.4mn (July-Sept'12) to Rs 122.9mn (July-Sept'13).

### Share Price Performance



## Financials

| P&L (Rs. mn)    | FY11    | FY12    | FY13    |
|-----------------|---------|---------|---------|
| Total income    | 3,372.5 | 3,246.2 | 3,582.5 |
| EBIDTA          | 995.0   | 618.6   | 907.4   |
| EBIDTA margin   | 30%     | 19%     | 25%     |
| Depreciation    | 321.1   | 300.8   | 281.3   |
| EBIT            | 673.9   | 317.8   | 626.1   |
| Interest        | 285.1   | 370.6   | 269.2   |
| PBT             | 388.8   | (52.8)  | 356.9   |
| Tax             | 120.1   | (66.0)  | 119.2   |
| PAT             | 268.7   | 13.2    | 237.7   |
| PAT Margin      | 8%      | 0%      | 7%      |
|                 | -       | -       | -       |
| Dividend Payout | 22.8    | 65.2    | 21.7    |

| Valuation ratios | FY11  | FY12 | FY13 |
|------------------|-------|------|------|
| P/E              | 110.7 | 6.0  | 6.6  |
| P/BV             | 1.0   | 0.9  | 1.0  |

| Balance Sheet (Rs. mn)             | FY11           | FY12           | FY13           |
|------------------------------------|----------------|----------------|----------------|
| Share Capital                      | 35.1           | 73.8           | 73.8           |
| Share application money, warrants  | 0.0            | 0.0            | 0.0            |
| Reserves & Surplus                 | 1,447.2        | 1,495.2        | 1,681.3        |
| <b>Net worth</b>                   | <b>1,482.3</b> | <b>1,569.0</b> | <b>1,755.1</b> |
| Borrowings                         | 4,061.4        | 2,972.2        | 2,849.5        |
| Current Liabilities and provisions | 506.5          | 330.8          | 329.8          |
| Net deferred tax Liabilities       | 478.3          | 521.4          | 506.6          |
| <b>Total liabilities</b>           | <b>6,528.5</b> | <b>5,393.4</b> | <b>5,441.0</b> |
| Fixed assets                       | 3,280.8        | 3,070.6        | 2,844.1        |
| Non-current Investments            | 389.1          | 464.7          | 464.4          |
| Loans and Advances                 | 963.1          | 599.1          | 769.0          |
| Current Assets                     | 1,811.0        | 1,047.7        | 1,255.3        |
| <b>Total assets</b>                | <b>6,528.5</b> | <b>5,393.4</b> | <b>5,441.0</b> |

| Cash Flow (Rs.mn)      | FY11        | FY12        | FY13        |
|------------------------|-------------|-------------|-------------|
| PBT                    | 388.8       | (52.8)      | 356.9       |
| CF from Operation      | 127.4       | 1,214.1     | 425.6       |
| CF from Investment     | (323.1)     | 226.0       | 65.9        |
| CF from Financing      | 203.6       | (1,465.7)   | (484.6)     |
| Inc/(dec) Cash         | 7.9         | (25.6)      | 6.9         |
| <b>Closing Balance</b> | <b>63.8</b> | <b>38.2</b> | <b>45.1</b> |

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