

19 September 2017

**CMP:** Rs. 42.15

**Industry:** Textiles

**BSE group:** XD

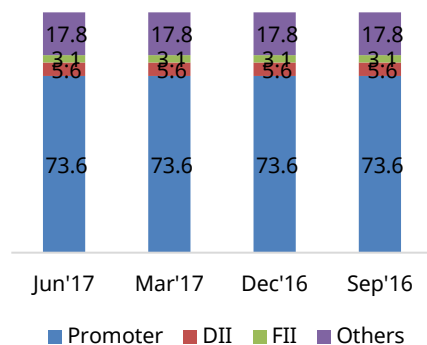
### Promoters

Shapoorji Pallonji Group

### Key Data

|  |              |
|--|--------------|
| BSE  | 532957       |
| ISIN                                       | INE642I01014 |
| Face Value (Rs.)                           | 10.0         |
| Mkt Cap (Rs. mn)                           | 273.9        |
| Current P/E                                | -            |
| Current P/BV                               | 1.8          |
| 52 week high-low                           | 60-32.25     |
| 30 days avg. daily trading volume (shares) | 16           |
| Equity capital (Rs mn)                     | 65.0         |
| Net worth (Rs mn)                          | 154.2        |

### Shareholding Pattern (%)



Click here for:  
[Initiation Report](#)

Write to us at:  
[equity.research@outlook.com](mailto:equity.research@outlook.com)

### Company business

Gokak Textiles Limited was incorporated in 2007 following a scheme of demerger of textile arm of Forbes Gokak Limited (FGL). The company has manufacturing units at Gokak Falls (Karnataka), Belgaum (Karnataka) and Ludhiana (Punjab). The company is engaged in producing cotton yarn (grey and dyed) and other value-added yarns such as bamboo/multimodal yarns, mélange yarns, compact yarns and organic yarns and some readymade items such as cotton canvas and terry towels. The company is also into manufacturing of readymade knitted garments including combed polo and T-shirts for export markets and cotton sweaters for domestic and export markets

The accumulated losses made by the company at end of the financial year 2014-15 led to an erosion of more than 50 percent of networth during the immediately preceding four financial years, following which the board has approved approaching to BIFR.

### Recent development

Consequent to the accumulated losses made by the company leading to erosion in the net worth, the company issued 30 mn non-convertible redeemable preference shares of face value Rs. 10.0 each to the promoters in September 2016.

### Financials

| Particulars (Rs. mn)            | Jun'17  | Jun'16  | % Change <sup>1</sup> | Mar'17 | % Change <sup>2</sup> |
|---------------------------------|---------|---------|-----------------------|--------|-----------------------|
| Total income                    | 389.3   | 112.0   | 247.6%                | 378.4  | 2.9%                  |
| Total expenditure               | 447.7   | 156.9   | 185.3%                | 389.4  | 15.0%                 |
| EBITDA                          | (58.4)  | (44.9)  | 30.1%                 | -11.0  | 430.9%                |
| EBITDA margin (%)               | -15.0%  | -40.1%  |                       | -2.9%  |                       |
| PBT                             | (110.0) | (109.6) | 0.4%                  | (65.9) | 66.9%                 |
| PAT (after extraordinary items) | (102.6) | (105.9) | -3.1%                 | (39.1) | 162.4%                |
| PAT margin (%)                  | -26.4%  | -94.6%  |                       | -10.3% |                       |
| EPS (Rs.)                       | (15.8)  | (16.3)  | -3.1%                 | (6.0)  | 162.3%                |

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

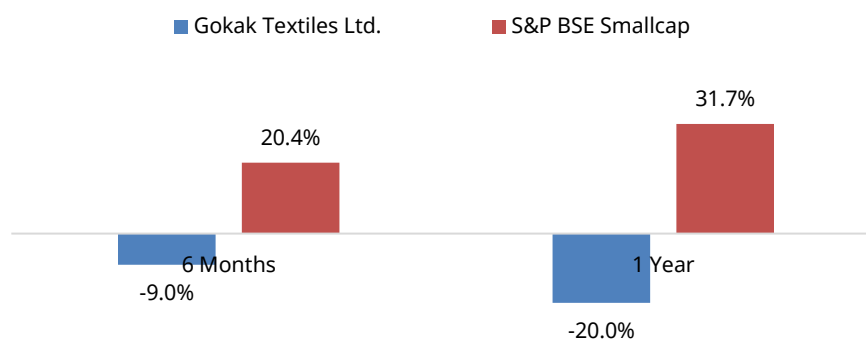
Source: ACE Equity, Company

<sup>2</sup> sequential comparisons

### Financial Performance

High raw material and interest costs continued to weigh heavily on the company's performance translating into losses at both the operating and net level. Continuous losses have translated into erosion of the net-worth of the company.

### Share Price Performance



## Financials

| <b>P&amp;L (Rs. mn)</b>        | <b>2014</b> | <b>2015</b>  | <b>2016</b> |
|--------------------------------|-------------|--------------|-------------|
| Total income                   | 3,501.4     | 3,365.4      | 1,055.9     |
| EBITDA                         | 144.6       | (35.6)       | (93.2)      |
| EBITDA margin (%)              | 4.1%        | -1.1%        | -8.8%       |
| Depreciation                   | 117.8       | 119.6        | 35.5        |
| EBIT                           | 25.0        | (121.9)      | (128.7)     |
| Interest                       | 320.7       | 338.9        | 101.4       |
| PBT (before exceptional items) | (118.4)     | (313.9)      | (230.1)     |
| Exceptional items              | -           | -            | -           |
| PAT                            | (134.3)     | (291.2)      | (238.6)     |
| PAT margin (%)                 | -3.8%       | -8.7%        | -22.6%      |
| Dividend                       | -           | -            | -           |
| Dividend payout (%)            | -           | -            | 0.0%        |
| <b>Cash Flow (Rs.mn)</b>       | <b>2014</b> | <b>2015</b>  | <b>2016</b> |
| PBT (after exceptional items)  | (118.4)     | (313.9)      | (230.1)     |
| CF from operations             | 202.0       | 348.3        | (198.8)     |
| CF from investing              | (14.0)      | 2.7          | 62.3        |
| CF from financing              | (188.9)     | (146.2)      | (53.6)      |
| Inc/(dec) in cash              | (1.0)       | 204.8        | (190.1)     |
| <b>Closing Balance</b>         | <b>85.6</b> | <b>290.4</b> | <b>16.7</b> |

| <b>Balance Sheet (Rs. mn)</b>     | <b>2014</b>    | <b>2015</b>    | <b>2016</b>    |
|-----------------------------------|----------------|----------------|----------------|
| Equity Share Capital              | 65.0           | 65.0           | 65.0           |
| Preference Share Capital          | -              | 200            | 400.0          |
| Share Warrants                    | -              | -              | -              |
| Reserves & Surplus                | (496.8)        | (899.8)        | (414.8)        |
| <b>Net worth</b>                  | <b>(431.8)</b> | <b>(634.8)</b> | <b>50.2</b>    |
| Borrowings                        | 2,358.6        | 2,335.9        | 1,430.0        |
| Current Liabilities & Provisions  | 1,050.6        | 838.2          | 597.8          |
| <b>Total liabilities</b>          | <b>2,977.5</b> | <b>2,539.3</b> | <b>2,078.0</b> |
| Net fixed assets                  | 1,372.0        | 1,277.1        | 932.5          |
| Capital WIP                       | 10.4           | 3.0            | 1.1            |
| Investments                       | 235.6          | 242.0          | 481.7          |
| Inventories                       | 1,000.1        | 442.4          | 383.1          |
| Sundry Debtors                    | 177.4          | 128.3          | 119.9          |
| Cash & Bank                       | 85.6           | 290.4          | 16.7           |
| Other Current Assets              | 83.5           | 117.2          | 20.0           |
| Loans and Advances                | 56.7           | 63.1           | 160.2          |
| Miscellaneous Expenses not w/off  | -              | -              | -              |
| Deferred Tax Assets/(Liabilities) | (43.7)         | (24.3)         | (37.1)         |
| <b>Total assets</b>               | <b>2,977.5</b> | <b>2,539.3</b> | <b>2,078.0</b> |

## Disclaimer

The information contained herein is from publicly available data or other sources believed to be reliable, but we do not represent that it is accurate or complete and it should not be relied on as such. Our company shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This document is provided for assistance only and is not intended to be and must not alone be taken as the basis for any investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigation as it deems necessary to arrive at an independent evaluation which may affect their investment in the securities of companies referred to in this document (including the merits and risks involved). The discussions or views expressed may not be suitable for all investors. This information is strictly confidential and is being furnished to you solely for your information.