

06 February 2013

**CMP:** Rs.300.95

**Industry:** Textiles & Machinery

**BSE group:** Group 'T'

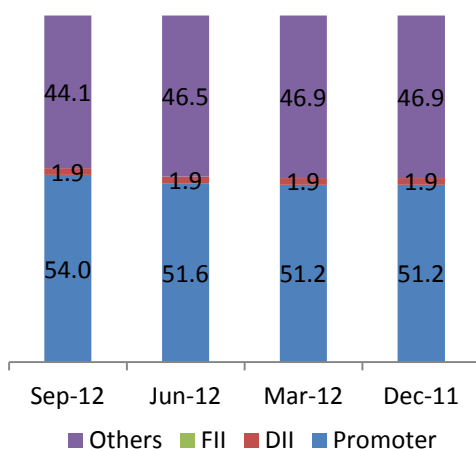
**Promoters**

Chandrabhas Thackersey & family

**Key Data** (as on 25 Jan' 13)

|                                  |               |
|----------------------------------|---------------|
| BSE                              | 509895        |
| ISIN                             | INE832D01020  |
| Face Value (Rs.)                 | 10.0          |
| Mkt Cap (Rs. mn)                 | 500.9         |
| Current P/E                      | 15.5          |
| Current P/BV                     | 0.5           |
| 52 week low-high                 | 240.05-447.80 |
| 30 days avg daily trading volume | 263           |
| Equity capital (Rs mn)           | 16.64         |
| Net worth (Rs mn)                | 898.2         |

**Shareholding Pattern (%)**



**Initiation Report:**

[Hindoostan Mills Limited](#)

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**Company business**

Hindoostan Mills Limited ('HML') is primarily engaged in the manufacture and sale of textile fabrics. The company, which is promoted by the Thackersay family, offers its products under the TF, Cholee, and Everfresh brand names. It currently has an installed capacity to produce 13 mn meters of cloth and 2880 metric tonnes of yarn annually in its textile plant at Karad, Maharashtra. The company also has a machinery unit in Ambarnath which produces textile related equipment like calendar bowls/liquid extraction rollers.

**Recent developments**

On 18 August 2012, the workmen at the company's Karad plant went on a strike and resumed duty only on 29 November 2012. Hence for a major part of the quarter, the manufacturing process was halted which may impact the company's sales in the next few quarters.

**Financials**

| Particulars (Rs in mn) | Jul '12 to Sep '12 | Jul '11 to Sep '11 | % Change <sup>1</sup> | Apr'12 to Jun '12 | % Change <sup>2</sup> |
|------------------------|--------------------|--------------------|-----------------------|-------------------|-----------------------|
| Total income           | 253.5              | 228.0              | 11.2%                 | 313.1             | (19.0%)               |
| Total expenditure      | 228.2              | 243.7              | (6.4%)                | 286.8             | (20.5%)               |
| EBIDTA                 | 25.3               | (15.7)             | -                     | 26.1              | (3.1%)                |
| EBIDTA margin          | 9.9%               | negative           | -                     | 8.3%              | 19.7%                 |
| PBT                    | 15.4               | (25.4)             | -                     | 14.4              | 6.9%                  |
| PAT                    | 14.4               | (25.4)             | -                     | 12.0              | 20.0%                 |
| PAT margin             | 5.7%               | negative           | -                     | 3.8%              | 48.2%                 |
| Cash accruals          | 24.2               | (15.5)             | -                     | 23.9              | 1.3%                  |
| EPS                    | 8.7                | --                 | -                     | 7.2               | 20.0%                 |

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

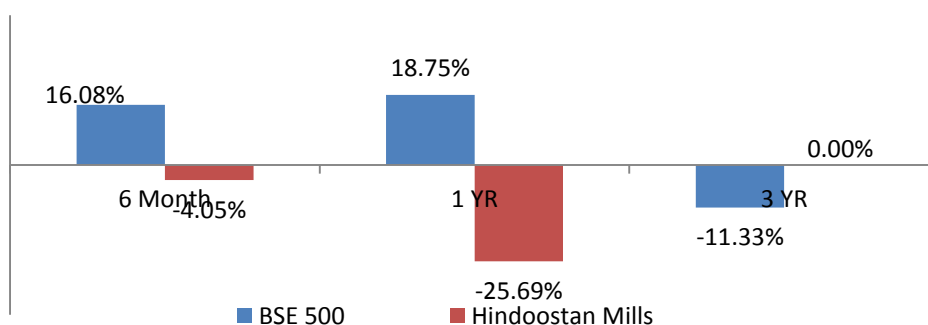
<sup>2</sup> sequential comparisons

Source: Moneycontrol, Company

**Financial Performance**

The financial performance of HML improved in the quarter ended September 2012. This is mainly due to the 6.4% fall in operating expenditure to Rs.228.2 mn. Coupled with a 11.2% increase in revenues, the overall net profits increased to Rs.14.4 mn – a 20% increase on an q-o-q basis.

**Share Price Performance**



**Financials**

| <b>P&amp;L (Rs. mn)</b> | <b>FY10</b> | <b>FY11</b> | <b>FY12</b> |
|-------------------------|-------------|-------------|-------------|
| Total income            | 89          | 1,065       | 1,050       |
| EBIDTA                  | 21          | 118         | 25          |
| EBIDTA margin           | 23%         | 11%         | 2%          |
| Depreciation            | 5           | 20          | 42          |
| EBIT                    | 16          | 98          | (18)        |
| Interest                | 1           | -           | 1           |
| PBT                     | 15          | 98          | (19)        |
| Tax                     | 3           | 19          | -           |
| PAT                     | 12          | 79          | (19)        |
| PAT Margin              | 14%         | 7%          | (2%)        |
| <b>Valuation ratios</b> | <b>FY10</b> | <b>FY11</b> | <b>FY12</b> |
| P/E                     | 0.26        | 1.38        | neg         |
| P/BV                    | 0.01        | 0.12        | 0.63        |

| <b>Balance Sheet (Rs. mn)</b> | <b>FY10</b> | <b>FY11</b>  | <b>FY12</b>  |
|-------------------------------|-------------|--------------|--------------|
| Share Capital                 | 7           | 17           | 17           |
| Reserves & Surplus            | 236         | 926          | 898          |
| <b>Net worth</b>              | <b>243</b>  | <b>943</b>   | <b>914</b>   |
| Borrowings                    | -           | -            | 9            |
| Other liabilities             | 39          | 161          | 163          |
| <b>Total liabilities</b>      | <b>282</b>  | <b>1,103</b> | <b>1,087</b> |
| Net fixed assets              | 43          | 312          | 544          |
| Other non-current assets      | 60          | 5            | 5            |
| Loans and Advances            | 17          | 175          | 145          |
| Current Assets                | 161         | 612          | 393          |
| <b>Total assets</b>           | <b>282</b>  | <b>1,103</b> | <b>1,087</b> |
| <b>Cash Flow (Rs.mn)</b>      | <b>FY10</b> | <b>FY11</b>  | <b>FY12</b>  |
| PBT                           | 15          | 98           | (19)         |
| CF from Operation             | 21          | (136)        | 14           |
| CF from Investment            | 39          | 176          | (137)        |
| CF from Financing             | (20)        | (4)          | (8)          |
| Inc/(dec) Cash                | (0)         | 142          | (130)        |
| <b>Closing Balance</b>        | <b>8</b>    | <b>149</b>   | <b>19</b>    |

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