

06 February 2013
CMP: Rs.22.75

Industry: Textiles - Synthetic

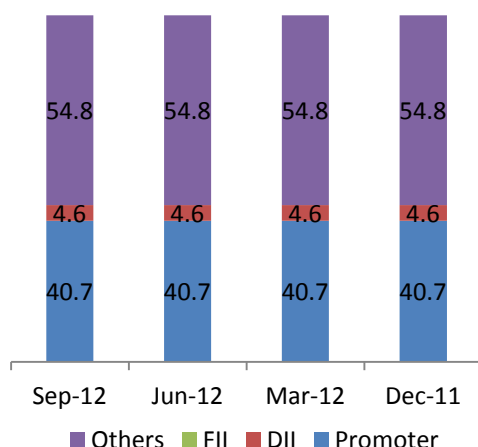
BSE group: B

Promoters

Pradip Kumar Daga and family

Key Data (as on 21 Jan' 13)

BSE	514030
ISIN	INE272C01013
Face Value (Rs.)	10.0
Mkt Cap (Rs. mn)	163.6
Current P/E	2.2
Current P/BV	0.3
52 week low-high	13.80-26.25
30 days avg daily trading volume	3542
Equity capital (Rs mn)	72.0
Net worth (Rs mn)	578.0

Shareholding Pattern (%)

Initiation Report:
[Deepak Spinners Limited](#)
Write to us at:
equity.research@outlook.com
Company business

Deepak Spinners Limited ('DSL') is engaged in the production and sale of dyed synthetic yarn. The company has a diversified product portfolio comprising polyester, viscose and acrylic yarns - which are manufactured across its two plants in Guna (Madhya Pradesh) and Baddi (Himachal Pradesh). Apart from the domestic market (which contributes around 80-90% of the overall revenues), the company also exports its products to clients in Syria, the Middle East, Turkey, Belgium, and USA. In 2008-09, the company had commissioned a hydropower plant in the Kullu district of Himachal Pradesh with a total power generation capacity of 4.5 MW. While most of it is for captive use in the spinning mills, the company also sells its surplus power to the Himachal Pradesh State Electricity Board. In order to augment its power generation capabilities, DSL has recently started work on another hydropower plant in the same location with a total capacity of 5.4 MW.

Recent developments

In September 2012, DSL divested its entire shareholding in M/s DSL Hydrowatt Limited, which is no longer the company's subsidiary. DSL Hydrowatt Limited had reported revenues of Rs.20.9 mn in FY12.

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	883.7	820.0	7.8%	678.1	30.3%
Total expenditure	815.2	752.5	8.3%	621.3	31.2%
EBIDTA	68.5	67.5	1.5%	56.8	20.6%
EBIDTA margin	7.8%	8.2%	(5.8%)	8.4%	(7.5%)
PBT	35.6	29.7	19.9%	20.7	72.0%
PAT	24.5	26.1	(6.1%)	14.0	75.0%
PAT margin	2.8%	3.2%	(12.9%)	2.1%	34.3%
Cash accruals	40.9	43.1	(5.1%)	31.8	28.6%
EPS	3.4	3.6	(6.3%)	1.9	75.3%

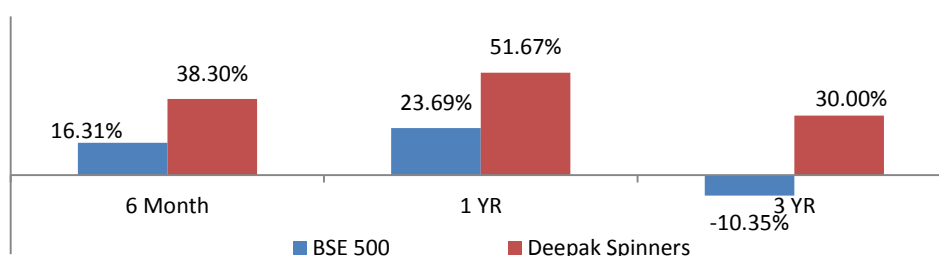
¹ compared to corresponding quarter in the previous year

Source: Moneycontrol, Company

² sequential comparisons

Financial Performance

The company's performance during the quarter was flat as compared to the same quarter in the previous year. Even though EBIDTA improved marginally from Rs.67.5 mn to Rs.68.5 mn, net profits declined by 6% to Rs.24.5 mn.

Share Price Performance


Financials

P&L (Rs. mn)	FY10	FY11	FY12
Total income	2,038	2,555	2,835
EBIDTA	22	226	250
EBIDTA margin	1%	9%	9%
Depreciation	77	75	69
EBIT	(54)	151	181
Interest	65	74	87
PBT	(119)	77	94
Tax	(10)	14	18
PAT	(109)	63	76
PAT Margin	(5%)	2%	3%
Dividend	-	-	-
Dividend Payout	0%	0%	0%
Valuation ratios	FY10	FY11	FY12
P/E	(1.1)	1.8	1.7
P/BV	0.3	0.2	0.2

Balance Sheet (Rs. mn)	FY10	FY11	FY12
Share Capital	72	72	72
Reserves & Surplus	367	430	506
Net worth	439	502	578
Borrowings	781	744	663
Other liabilities	254	349	359
Total liabilities	1,474	1,595	1,599
Net fixed assets	785	741	742
Other non-current assets	1	1	2
Loans and Advances	217	200	184
Current Assets	471	654	672
Total assets	1,474	1,595	1,599
Cash Flow (Rs.mn)	FY10	FY11	FY12
PBT	(119)	77	94
CF from Operation	103	166	241
CF from Investment	(22)	(60)	(61)
CF from Financing	159	205	14
Inc/(dec) Cash	1	(9)	10
Closing Balance	11	2	12

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.