

1 March 2013

CMP: Rs.26

Industry: Textiles - Synthetic

BSE group: B

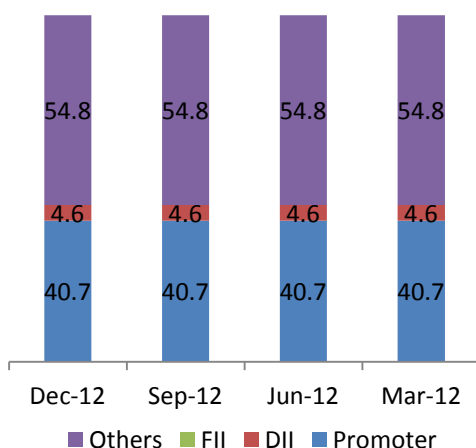
Promoters

Pradip Kumar Daga and family

Key Data (as on 26 Feb' 13)

BSE	514030
ISIN	INE272C01013
Face Value (Rs.)	10.0
Mkt Cap (Rs. mn)	186.9
Current P/E	1.8
Current P/BV	0.3
52 week low-high	15.65-29.00
30 days avg daily trading volume	6331
Equity capital (Rs mn)	72.0
Net worth (Rs mn)	578.0

Shareholding Pattern (%)



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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 capacity of 5.4 MW.

Recent developments

The Union budget for 2014 has provided a lot of sops for the textile industry. In the case of spun yarn there will be a duty of 12% at the fibre stage. The technology upgradation fund scheme (TUFS) has also been extended with an investment target of Rs.1510 bn.

Financials

Particulars (Rs in mn)	Oct '12 to Dec '12	Oct '11 to Dec '11	% Change ¹	Jul'12 to Sep '12	% Change ²
Total income	811.7	667.9	21.5%	883.7	(8.1%)
Total expenditure	699.4	599.1	16.7%	815.2	(14.2%)
EBIDTA	112.3	68.8	63.2%	68.5	63.9%
EBIDTA margin	13.8%	10.3%	34.0%	7.8%	78.5%
PBT	73.6	29.0	153.8%	35.6	106.7%
PAT	50.3	23.4	115.0%	24.5	105.3%
PAT margin	6.2%	3.5%	77.1%	2.77%	123.5%
Cash accruals	69.3	37.7	83.8%	40.9	69.4%
EPS	7.0	3.3	115.0%	3.4	105.3%

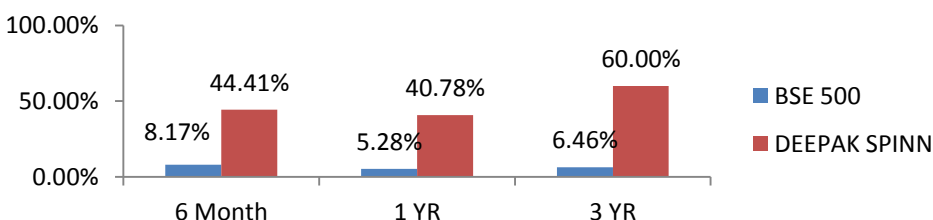
¹ compared to corresponding quarter in the previous year [Source: Moneycontrol, Company](#)

² sequential comparisons

Financial Performance

The company displayed a strong performance during the quarter. While its sales remained flat as compared to the Jul-Sep quarter, the company was significantly able to bring down its costs and thereby improve its profit margins. The EPS surged to Rs.7.0, up by 115% from the same period in the previous year.

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

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