



Research



Nahar Spinning Mills Ltd:: Result Update:: Accumulate

Target - 132

CMP: 111.15

Date:: 29th July' 2010

Accumulate

STOCK INFO (FY2010)

Sector	Textiles
Market cap	408.38
Face value	Rs 5.00
Book value	Rs 153.80
EPS	Rs.14.80
Cash EPS	35.92
Price/Book value	0.72
Sales Growth	14.53%
Incorporation	1980
52 week H/L	117/40
Avg Daily Vol	1.34 Lk(2 Wk avg)
Chairman	J Lal Oswal
Equity Capital	18.03cr
Promoter Holding	63.40%
FII's/MF Holding	0.62/2.15
Listed	BSE/NSE

Fairwealth Research Desk initiated a Buy on Nahar Spinning Mills Limited at Rs 91.5 on 29th June'2010, it has made a high of Rs.116.85.

We re-rate the stock as Accumulate with unchanged target price of Rs 132.

COMPANY PROFILE

Nahar Spinning Mills Limited is a Ludhiana based company operating in the textile industry. The company was incorporated in the year 1980. The company basically operates in two segments: yarn and garment segment. The company also established an ultra modern facility to manufacture 12.5 Million pieces of Hosiery Garments. Nahar Spinning's T-shirts are being exported to reputed international brands such as GAP, Arrow, Old Navy, Pierre Cardin, Philips Van Heusen, Izod, Quicksilver, Price Costco.

Yarn: The company's main revenue comes from this segment. The segment contributes 89% to the total revenue of the company.

Garments: Garments contribute a total of 11% to the total revenue.

Key Investment Rationale:

- **Best Among its Peers:** The company Nahar Spinning Mills Limited is one the best company among its peer group companies with high sales.
- **Nahar's Brand Monte Carlo** adjudged as the best consumer brands in India.
- **The Company is available at an attractive P/E of 7.70 on TTM Basis.** The Industry P/E prevails at 11.20.

FairWealth Research Desk

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RESULT ANALYSIS

Particulars (In crores)	Jun'10	Jun'09	Var %	Mar'10	Var %
Sales	295.72	257.3	14.9	308.13	-4.03
Other Income	0.2	1.26	-84.1	0.21	-4.76
PBIDT	54.04	38.33	41	60.47	-10.63
Interest	12.72	10.32	23.3	12.43	2.33
PBDT	41.32	28.01	47.5	48.04	-13.99
Depreciation	16.56	17.99	-7.9	17.1	-3.16
PBT	24.76	10.02	147.1	30.94	-19.97
TAX	9.52	2.4	296.7	11.61	-18.00
Deferred Tax	-	-	-	-	-
PAT	15.24	7.62	100	19.33	-21.16
EPS	4.23	2.11	-	5.36	-

During the quarter ended June'2010, the net sales of the company reported an increment of 14.9% on Y-O-Y basis to Rs295.72 crore as against Rs.257.3cr during the corresponding quarter last year. The operating performance of the company witnessed a growth of 41% YoY to Rs 54.04cr as against Rs 38.33cr.

The net profit of the company surged massively by 100% YoY to Rs 15.24cr as against Rs 7.62cr during the quarter on account of reduced Depreciation cost and increased interest cost.

On Q-O-Q basis, the top line of the company subdued by 4% to Rs.295.72 crore in comparison to Rs.308.13 crore. The bottom line of the company reduced massively by 21% to 15.24 crore in comparison to Rs. 19.33 crore in the quarter ended Mar'2010. The EPS for the quarter ended Jun'10 stood at Rs.4.23 as against Rs.5.36 in the previous quarter.

Notes: Figures are sourced from www.bseindia.com & capital market

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