

# SURYAAMBA SPINNING MILLS LTD

(BSE: 533101) (CMP :Rs. 124) (FV :Rs. 10)

Date : 3-8-2018



Incorporated in 1992, Nagpur based Suryaamba Spinning Mills Limited manufactures and sells synthetic blended yarns in India. The Company Manufactures Polyester and Polyester/Viscose Blended Yarn. The company also manufactures Synthetic Ring Spun Yarn for weaving, knitting, and embroidery and other industrial applications and specialized products according to customer requirements. An ISO 9001:2008 certified organization, Suryaamba is a state of art manufacturing unit located strategically at Nayakund, near Ramtek, District: Nagpur (Maharashtra). Its installed capacity is 62000 spindles. The company exports its products to the United States, Mexico, Italy, Germany, Spain, Portugal, Switzerland, Belgium, Turkey, Egypt, Morocco, Nigeria, Poland, Canada, Peru, Columbia, Brazil, Argentina, Chile, Bangladesh, and South Africa.

The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players like Marks & Spencer, Guess and Next into the Indian market. The organized apparel segment is expected to grow at a Compound Annual Growth Rate (CAGR) of more than 13 percent over a 10-year period.

**Performance Review:** In Q4FY18, SPML reported total income of Rs.39.04 crore and PAT of Rs.1.03 crore against loss of Rs.1.34crore YoY. (up 134% QoQ) largely on account of lower raw material cost and manufacturing expenses. Its FY18 performance was also commendable with 379.6% higher PAT of Rs.2.35 crore. Going ahead, strong growth is expected to continue. It has equity of just Rs.2.93crore and Company posted EPS of Rs.8 for FY18.

## Financial Performanc

	Q4FY18Rs./Cr.	Q3FY18Rs./Cr.	Q4FY17Rs./Cr.	FY18Rs./Cr.	FY17Rs./Cr.
Total Income	39.04	40.07	38.32	152.13	133.67
PBT	1.26	0.86	(-1.10)	3.55	1.42
PAT	1.03	0.44	(-1.34)	2.35	0.49
EPS (Rs)	3.5	1.49	(-4.59)	8	1.66

**Conclusion:** At CMP, the stock trades at a PE of just 14x on its EPS (TTM) of Rs.8. The stock is available at a discount compared to the Industry P/E of 21.32x, S&P BSE Small-Cap P/E of 103.53x and Nifty Small-Cap 250 P/E of 102x. Its market cap is just Rs.36 crore Vs. sales of Rs.152crore. Company has declared 10% dividend for FY18 after 2 years. Considering these factors, we recommend this stock for a long-term target of Rs.200.

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