

2nd Dec 2015**NITIN SPINNERS LTD**

Nitin Spinners Limited is an India-based company engaged in textiles business. The Company manufactures cotton yarn and cotton knitted fabric. The Company manufactures a range of yarns, including open end yarns, multifold open end yarns, ring spun combed yarns, multifold ring spun yarns, compact yarns, fancy slub yarns, core spun yarns, S and Z twist yarns, dyeable cheese cones and organic cotton yarns and blends. The Company manufactures knitted fabrics, as well as fabrics with Elastane. The Company offers fabrics in greige form in tubular and open width. Its product range in knitted fabrics include single jersey, pique structures, interlock structures, rib structures and three thread fleece. The Company's products are applicable in manufacturing products, such as apparel and garments, under garments, terry towels, woven fabrics, home furnishings, carpets, denim, industrial textiles, medical textiles and socks, among others.

52 WK LOW/HIGH: Rs. 25.80 / 107.25**Brief Highlight****Standalone**

MARKET CAP (RS CR)	306.40	EPS (TTM)	9.80
P/E	6.82	P/C	4.20
BOOK VALUE (RS)	36.44	PRICE/BOOK	1.83
DIV (%)	10.00%	DIV YIELD.(%)	1.50%
MARKET LOT	1	FACE VALUE (RS)	10.00
INDUSTRY P/E	16.89	DELIVERABLES (%)	44.20 new

* Note - Trailing EPS is displayed only when latest 4 quarter results are available.

Source: <http://www.moneycontrol.com/>

1 Year Price/Volume:

Source: <http://www.bseindia.com/>

Financials Highlight:

(Annual Results Standalone Figures in Rs. Crores)

Operating Performance								
	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	TTM	Mar-16	Mar-17
Sales	410.92	428.30	446.05	488.34	616.47	734.40	739.76	850.73
Growth YoY (%)		4.2%	4.1%	9.5%	26.2%	19.1%	20.0%	15.0%
Expenses	335.11	383.25	373.57	394.40	517.29	605.12		
Operating Profit	75.81	45.05	72.48	93.94	99.18	132.23		
Other Income	0.24	0.13	0.30	0.35	5.13	2.52		
Interest	21.04	20.90	27.31	17.46	22.62	31.70		
Depreciation	45.33	23.98	24.50	24.87	27.94	35.25		
Profit before tax	9.67	0.3	20.97	51.95	53.75	52.36		
Tax	2.93	-	6.84	17.17	12.79	20.35		
Net Profit	6.74	0.3	14.14	34.78	40.96	44.93	49.12	56.49
Growth YoY (%)		-95.5%	4613.3%	146.0%	17.8%	9.7%	19.9%	15.0%
EPS (unadj)	1.47	0.07	3.08	7.46	8.73			
Dividend Payout	-	-	-	9.89	11.18			
Cash Flows								
Cash from Operating Activity	45.39	64.18	88.90	86.62	44.51			
Cash from Investing Activity	0.20	(8.29)	(4.39)	(38.85)	(219.45)			
Cash from Financing Activity	(45.60)	(55.95)	(84.32)	(47.98)	175.55			
Net Cash Flow	(0.01)	(0.06)	0.19	(0.21)	0.61			
Ratio Analysis								
Operating Profit Margin(%)	18.45	10.52	16.25	19.24	16.09	17.94		
Net Profit Margin(%)	1.63	0.07	3.16	7.12	6.64	6.12	6.6%	6.6%
Return On Capital Employed(%)	14.91	6.82	22.50	25.17	14.84			
Return On Net Worth(%)	7.80	0.34	14.02	26.43	24.52			
Long Term Debt Equity Ratio	2.41	2.12	1.61	0.99	1.76			
Inventory Turnover Ratio	5.02	5.55	5.45	6.91	6.55			
Fixed Assets Turnover Ratio	1.10	1.14	1.18	1.29	0.99			
PE						6.68	7	7
EPS						9.80	10.72	12.32
CMP						65.5	75	86
No of Share Outstanding						45,833,945		

Analysis & View:

Short Term to Medium Term Target			
Script:	BSE Code:	CMP:	Target Price (BUY):
NITIN SPINNERS LTD	532698	65.80	86

- PE (6.82) is less than Industry PE (16.8) –Possibilities of further expansion in PE due to better performance in results
- Operating profit margin has been within a range in last 5 yrs – Consistent high OPM is a GOOD sign
- Net profit margin has been increasing in last 5 yrs – Better NPM is a GOOD sign
- Increasing Return on Equity is a GOOD though there is some fluctuating Return on Capital Employed due to Capex
- Concern related to Increase of Debt.
- Increasing Inventory Turnover is a GOOD sign while concern related to low Ratio & Fixed Asset Turn Over Ratio
- Increase in Sales & Net profit in last 5 yrs – Better Sales & PAT is a GOOD sign

As the company has better performance during the last 5 years and have a relatively better performance over the 1st half of the current year FY16, we have a BUY recommendation expecting the growth rate will increase over the next two years and expect a target price of Rs. 86 for a short to medium period.