

**MUDRA LIFESTYLE LTD.**

Market Cap (Rs. Cr) **232.50** 52 Week-H/L(Rs) **95 / 55** CMP **Rs. 64.60**  
 Bloomberg **MDRA@IN** Reuters **MUDR.BO** Target Price **Rs. 86/120**  
 BSE **532820** NSE **MUDRA**

**Investment Arguments**

The company has engaged in weaving of Fabrics, processing and making garments. It has facilities at Bhivandi, Navi Mumbai, Tarapur, Daman and Bangalore. The brand 'MUDRA' has built a strong goodwill for itself in the domestic market and commands some premium. Company primarily manufactures fabrics for shirtings/tops in cotton /synthetics/blended categories.

**It supplies fabrics as well as garments to big brands; players like - Madura Garments and Raymonds;** 90% of the supplies are in to domestic tariff area and thus **company is immune to rupee appreciation problem** Currently revenues from fabrics business is around 75% while only 25% comes from Garments, but company is gradually moving towards raising share from value added garment segment, mainly in the designer shirts and lady's wear segments.

At present company's capacity is approximately **10.62 million meters of fabric per annum which is being raised to around 30 million meters soon [by Oct'07]** and present capacity of **3.15 million garments per annum, is also raised to 10 million pieces soon [by Oct'07]**. The company is setting up a **yarn dyeing facility & expanding processing capacity to 60 million meters per annum by March'08**. On completion of this expansion, the share of garmenting segment will go up further.

Post expansion of capacities, the growth in revenue and profits will get a boost. This will be partially reflected in current year ending March'08 and fully in year ending March'09. Further company is also **looking at opportunities to acquire manufacturing capacities in bottom/ trouser fabric segments**, wherein it is open to buyout of such capacities. Right now company manufactures fabrics for shirts/tops only. **Company's new fabric manufacturing & processing capacities will be most modern capable of producing high end nich fabric and garments** This will help in margin expansion along with volume growth post expansion.

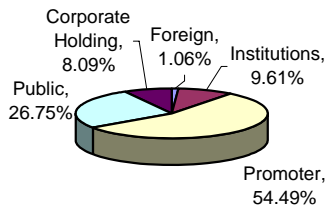
On finance front - company is likely to perform extremely well in coming years. As projected below, by 2008-09, the company will be having revenues close to Rs 500 Crs and PAT closer to Rs 50 Crs, thus attaining a reasonable size. **Stock which came out with an IPO around six months ago at Rs 90/- is available right now [at discount to IPO price] at Rs 64 only** and, we think going by its future plans, it should move closer to IPO price in next 1-3 months and then to our next target of Rs 120 in another 6 months time. **Accumulate** around current levels.

**Financials for the year ended ( in Rs. Crores)**

**Latest result update ( in Rs. Crores)**

PARTICULARS	FY 06	FY 07	FY 08 E	Mar 09 E	PARTICULARS	Q1 2007-08	Q1 2006-07	% change
Net Sales	103.11	163.12	315.00	470.00	Gross Sales	55.44	27.82	99.28
PBIDT	14.91	26.45	45.00	78.00	PBIDT	10.52	4.90	114.69
Interest	2.42	4.71	9.50	14.00	Net Profit	6.99	3.15	121.90
Depreciation	2.65	3.79	6.20	9.50	Equity	35.99	24.50	46.90
PAT	9.08	17.53	29.50	47.00	EPS	1.94	1.29	51.06
EPS ( in Rs)	9.04	6.81	8.20	13.06	<b>Technical Trend:-</b>			
CEPS ( in Rs)	5.08	5.92	9.92	15.70				
Book Value ( in Rs)	16.19	40.76	47.50	59.00				
Face Value ( in Rs)	10	10	10	10.00				
Dividend ( in%)	0	10	15	20.00				
Deividend Yeild (%)	0.00	1.55	2.3	3.1				
Net Worth	37.39	146.71	170.00	190.00				
Debt	26.61	72.00	160.00	170.00				
Equity Capital	23.09	35.99	35.99	35.99				
P.E. (x)	16.7	9.5	0.0	0.0				
NPM %	8.81	10.75	9.37	10.00				
EBIDTA Margin %	14.46	16.22	14.29	16.60				
RoCE %	23.3%	12.1%	13.6%	21.7%				

**Sahreholding Pattern**



**After touching a high of Rs 95 on listing day in March'07, the stock went in to a deep correction and touched a low of Rs 55 in April'07. There after it started recovering and consolidating all along between Rs 55 and Rs 80. Now it is showing some signs of positive trend, as it appears to be moving above falling trend line. One can buy with stop loss of Rs 60 with a target of Rs 86 in next three months and once it maintains above Rs 90 for few weeks, then in next 6 months one can expect target of Rs 120.**