



#### Script Details

BSE Group	A
BSE Code	503811
NSE Code	SIYSIL
Bloomberg Code	SIYA IN
Market Cap (INR Cr.)	2,662
Free Float (%)	32.8%
52wk Low/High	698/394
Beta (1yr Nifty 50)	1.25
Face Value (INR)/ D. Yield (%)	2/1.6
Total paid Up Shares (Mn.)	46.9

#### Share Holding Pattern (%)

Promoters	Public	Others
67.2%	32.8%	-

#### Share Price Relative Performance



## SIYARAM SILK MILLS LTD.

Buy at CMP: Rs 568 | Target: Rs 668 (18%) | SL: Rs 500

Sector

Jan 23, 2023

Textile

Siyaram's Silk Mills Limited is one of India's largest textile brands in Men's fashion over 3 decades. The company is India's largest producer of blended high fashion suiting /shirting fabrics, manufacturing over 60 million metres of fabric annually and winning the hearts of millions of fashion conscious consumers. The company's state-of-the-art manufacturing plants are located at Tarapur, Daman and Silvassa.

#### Investment Rationale

- ◆ **Higher Margins led by Optimum Product Mix:** Siyaram, Historically has operated with EBITDA margins of 13-14%, now on back of change in product mix with premium brands, it has maintained operating margins of 18% in FY22 and TTM . Management believes the margins to sustain comfortably for current fiscal and going ahead. The Company has reduced its borrowings, reduced no of SKU's and focusing on high traction products only. It also has curtailed advt. & Marketing expense on sustainable basis, this led to materially margin gains for company.
- ◆ **Management guides Top line growth of 12-15%:** Despite of curtailing Advt. & Marketing expense, company has been able to grow sales from Rs 1088Cr in FY21 to Rs 2224 Cr on TTM basis, This implies a strong mind share of company products. Company management has guided for a 12-15% growth in Top line on back of improved performance.
- ◆ **Strategic Focus across fabric and Garments:** Company has various brands such as Siyaram's, J.Hampstead, Cadini, Oxemberg etc. This brands offers product range from mass category to super premium category. SIYSIL to continue with the sharp SKU assortment strategy. The company continues to be selective with its product strategy and has increased focus on fast running stock keeping units (SKUs) with a target to maintain lower inventory level and reduce working capital cycle, this initiatives to aid in performance improvisation for SIYSIL.
- ◆ **Outlook and Valuations:** As Guided, We estimate a 13% CAGR in Topline over FY22 -25E, which implies a forward PE(x) of 7.4 for FY 25E EBITDA. We value it with a earning multiple of 8.7x to FY25E which results per share value of Rs 668. We recommend BUY on SIYSIL at CMP of Rs. 568 with Target price of Rs. 668 (18%).

Year	Revenue	EBITDA	PAT	PE Ratio (x)	EV/EBITDA (x)
FY22	2,226	390	262	10.2	6.8
FY23E	2,516	440	282	9.4	6.6
FY24E	2,843	497	318	8.4	5.8
FY25E	3,212	562	360	7.4	5.2

Source: Company Data, Ace Equity, GEPL Research

## TECHNICAL VIEW

### Observation

- The prices of SIYSIL are currently trading near 52 week Highs which tells that the stock already is in strong momentum.
- The stock corrected post April 2022 without getting into Lower Low, Lower High pattern. This shows the overall Bullish undertone is still present.
- The prices have shown a bounce to the upside while holding the variable support of 36 Weeks EMA.
- On the Daily timeframe the Stock has witnessed a breakout from the Symmetrical triangle pattern which points towards the beginning of the trend to the upside.
- The weekly relative strength index (RSI) has shown a breakout which reflects strong momentum in the prices.



### Inference & Expectations

- The stock has maintained to hold its uptrend very prudently.
- Going ahead we expect the prices to go higher till 675 level.
- The stoploss must be 500, strictly on the closing basis.

Source: Tradingview.in, GEPL Research



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