Sector: Other Textile Products | RESULT REVIEW Q1FY26 | Declared On: 11 Aug 2025

Bannari Amman Spinning Mills Ltd

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs30	2.3	Accumulate	Rs65	118%

as on 13th Aug, 2025

About the Company:

Incorporated in the year 1989, Bannari Amman Spinning Mills Limited (BASML), is a vertically integrated textile company engaged in manufacturing cotton yarn, woven & knitted fabrics, finished garments, home textiles and wind power generation. BASML shares its heritage with the Bannari Amman group of companies which has diverse interests spanning various industries in South India. BASML is a textile conglomerate which is striving continuously over last 3 decades to create value in all capacities of textile industry from Fibre-to-Fashion. The company is engaged in spinning, weaving and manufacturing ready to wear garments. The company has two spinning units near Dindigul, Tamilnadu with an installed capacity of 145,440 spindles, weaving and home textiles units at Karanampettai near Palladam with an installed capacity of 153 looms, processing unit at SIPCOT, Perundurai with an installed capacity to process 5,400 tonnes of fabric per annum, knitting unit at Karanampettai near Palladam with installed capacity to produce 5,200 tonnes of knitted fabric per annum and 27 windmills with an installed capacity of ~23.40MW green power which is entirely used for captive consumption. The business skills and operations draw strength from its strong and experienced Management team of professionals under the guidance of Mr. S.V. Arumugam, who is the Chairman & Managing Director of BASML.

Results: Quick Glance:

- The net sales for the quarter reported a growth of 0.7% to Rs2174mn as compared to Rs2159mn in the same quarter last year
- The Ebitda margins for the quarter under review stood at 10.5% as compared to 1.50% in the comparative quarter last year
- The company reported a net profit of Rs48mn as compared to a loss of Rs90mn in the same quarter last year
- The EPS (from continuing operations) for the quarter stood at Rs0.67 as compared to Rs(1.43) in the corresponding period of last year

Financials:

Performance (Q1FY26)							
Q1FY26 Result (Rs mn)	Jun-25	Jun-24	y-o-y	Mar-25	q-o-q	FY25	FY26E
Total Revenue	2174	2159	0.7%	2255	(3.6%)	8874	9222
EBITDA	228	33	-	211	8.3%	646	830
Other Income	13	3	-	8	56.0%	24	37
Interest	107	117	(8.7%)	110	(3.0%)	450	368
Depreciation	67	64	3.6%	64	4.4%	259	259
Exceptional Items	0	0	-	0	-	0	0
Tax	20	(55)	-	14	37.1%	(18)	72
Net Profit	**48**	**(90)**	**-**	**31**	**56.9%**	**(21)**	**168**

Outlook and Recommendations: In Q1FY26, the company has reported significant improvement in the overall profitability as compared to the same period last year. The gross and Ebitda margins have been improved significantly, marking a turnaround in performance despite revenue growth being muted. This recovery was driven by stronger operational efficiency, and a strategic shift in the product portfolio mix leading to improved margins. The company's strategy to reduce dependence on basic cotton yarn due to higher prices as compared to international cotton, with increased focus on value-added products like home textiles, garments, and polyester/viscose blends has now started to fructify. These segments are not only cost-effective but also cater to changing consumer preferences and offer more stable margins, particularly in the domestic market, which remains relatively steady despite global uncertainties. In order to match the growing demand, the company has shifted some of its focus toward polyester and viscose blends which are more cost-effective and have shown growing demand, especially in the home textile segment.

Outlook and Recommendations (contd.):

Currently, about 1/3rd of the company's product portfolio is made up of cotton-polyester blends, which are widely used in home textiles. The Management's strategy for geographical diversification, with new offices in Delhi and Dubai and plans for a presence in Europe, is aimed at strengthening access to premium markets and building relationships with buyers who are inclined towards higher-value offerings. At the same time, the upcoming solar power project will significantly reduce energy costs, a major component of the company's manufacturing expenses, thereby supporting profitability and enhancing operational resilience over the long term. The planned sale of discontinued operations and monetization of non-core assets are expected to bring down debt levels, improve liquidity, and create headroom for future growth investments. While the broader textile and apparel industry is still facing pressure from weak export demand, pricing challenges, and geopolitical headwinds, the company's strategic approach of product diversification, renewable energy adoption, and market expansion provides a strong foundation for steady improvement in performance. Going forward, as global demand stabilizes and cotton price disparities come under control, the company is well-positioned to capture both domestic and export opportunities, translating its strategic moves into sustainable profitability and long-term growth momentum. All the efforts made by the Management are aiming at reducing the cost, debt burden and focusing more on the bottomline. Post the event of rights issue in June 2025 (10 rights equity shares for every 43 fully paid-up shares at Rs27 per share), the stock has been consolidating. We have reduced the volume growth in our estimation, however, we have adjusted the value growth of the company and continue to maintain our target price of Rs65.

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Registered Office Address:

Progressive Share Brokers Pvt. Ltd,

122-124, Laxmi Plaza, Laxmi Indl Estate,

New Link Rd, Andheri West,

Mumbai—400053, Maharashtra

www.progressiveshares.com | Contact No.:022-40777500.

Compliance Officer:

Ms. Neha Oza,

Email: compliance@progressiveshares.com,

Contact No.:022-40777500.

Grievance Officer:
Email: grievancecell@progressiveshares.com