

CMP: INR24.00**Stock data**

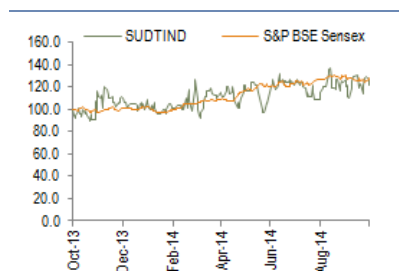
| | |
|-------------------------|-----------|
| BSE code | 521113 |
| BSE ID | SUDTIND-B |
| Face value (INR) | 10 |
| No of shares (m) | 16.7 |
| Market cap (INRm) | 400.1 |
| 3m avg. daily vol (No) | 2,200.1 |
| Free float (INRm) | 100.6 |
| Dividend yield FY14 (%) | 2.0 |
| <hr/> | |
| S&P BSE Sensex | 26,575.7 |

Stock performance (%)

| | | | |
|--------------------|---------------------|-----------|------------|
| 52-week H/L | INR28.6/15.2 | | |
| | 1M | 3M | 12M |
| Absolute (%) | -4.0 | -3.4 | 21.2 |
| Relative (%) | -1.7 | -5.5 | -6.2 |

Shareholding pattern (%)

| | | | |
|------------------|-------------|-------------|---------------|
| Promoters | FIIs | DIIs | Others |
| 74.85% | 0.00% | 0.01% | 25.14% |

Relative stock movement

Source: BSE

Nov 2014**Company Overview**

Suditi Industries Limited (SIL) was incorporated on 12th September 1991. It went public in January 1994. It manufactures 100% cotton knitted fabric and Polar Fleece fabric and knitted hosiery fabrics and readymade garments. The firm is promoted by the Agarwal family, better known as the R.P.K Group and is based out of Mumbai. While the company exports garments to the US and the EU, it chose to focus more on the local markets due to economic crises in the EU. However, it plans to export 35% of its production abroad. As part of its expansion plan, a printing plant is being set up at Navi Mumbai.

Q2FY15 performance

- Revenues increased by 6.3% YoY from INR169.6m in Q2FY14 to INR180.3m in Q2FY15.
- Raw material cost increased by 13.3% YoY from INR58.0m in Q2FY14 to INR65.8m in Q2FY15.
- Staff cost decreased by 8.4% YoY from INR14.6m in Q2FY14 to INR13.4m in Q2FY15.
- Other expenses increased by 3.3% YoY from INR85.3m in Q2FY14 to INR88.1m in Q2FY15.
- As a result, EBIDTA increased by 11.6% YoY from INR11.7m in Q2FY14 to INR13.1m in Q2FY15.
- Depreciation increased by 37.4% YoY from INR3.0m in Q2FY14 to INR4.1m in Q2FY15.
- Interest expenses increased by 22.6% YoY from INR5.0m in Q2FY14 to INR6.2m in Q2FY15. Non-operating income increased from INR0.5m in Q2FY14 to INR1.0m in Q2FY15. Provision for taxes increased from INR0.8m in Q2FY14 to INR0.9m in Q2FY15.
- Consequently, PAT decreased by 15.2% YoY from INR3.4m in Q2FY14 to INR2.9m in Q2FY15.
- Company has informed BSE that the Board of Directors of the Company at its meeting held on May 30, 2014, inter alia, has recommended a Dividend of INR0.50 per share exclusively on the share capital held by the public for the year ended March 31, 2014. The Promoters have waived their entitlement of receiving dividend in order to support the business activities of the Company

Table 1: Q2FY15 snapshot

| (INRm) | Q2FY15 | Q2FY14 | YoY % | Q1FY15 | QoQ% | H1FY15 | H1FY14 | YoY % |
|----------------|--------|--------|-------|--------|-------|--------|--------|-------|
| Revenue | 180.3 | 169.6 | 6.3 | 190.3 | -5.3 | 370.6 | 293.9 | 26.1 |
| EBITDA | 13.1 | 11.7 | 11.6 | 13.9 | -6.0 | 27.0 | 19.4 | 39.0 |
| PAT (Adjusted) | 2.9 | 3.4 | -15.2 | 3.3 | -13.1 | 6.2 | 4.1 | 52.9 |
| PAT (Reported) | 2.9 | 3.4 | -15.2 | 3.3 | -13.1 | 6.2 | 4.1 | 52.9 |

Ratio

| % of sales | Q2FY15 | Q2FY14 | YoY % | Q1FY15 | QoQ% | H1FY15 | H1FY14 | YoY % |
|-------------------|--------|--------|-------|--------|-------|--------|--------|-------|
| Raw Material | 36.5 | 34.2 | 2.3 | 26.3 | 10.2 | 31.2 | 33.2 | -2.0 |
| Staff Cost | 7.4 | 8.6 | -1.2 | 6.9 | 0.5 | 7.2 | 10.0 | -2.8 |
| Other Expenditure | 48.8 | 50.3 | -1.4 | 59.5 | -10.7 | 54.3 | 50.2 | 4.1 |
| EBITDA | 7.3 | 6.9 | 0.3 | 7.3 | -0.1 | 7.3 | 6.6 | 0.7 |
| Tax Rate | 23.6 | 19.1 | 4.5 | 14.7 | 8.9 | 19.1 | 19.1 | -0.1 |
| NPM | 1.6 | 2.0 | -0.4 | 1.8 | -0.1 | 1.7 | 1.4 | 0.3 |

Source: Company, Varhad Research

Quarterly performance in charts and tables

Table 2: Detailed Q2FY15 Overview

| | Q2FY15 | Q2FY14 | YoY % | Q1FY15 | QoQ% | H1FY15 | H1FY14 | YoY % |
|-----------------------|--------|--------|-------|--------|-------|--------|--------|-------|
| Revenue | 180.3 | 169.6 | 6.3 | 190.3 | -5.3 | 370.6 | 293.9 | 26.1 |
| Raw Material Cost | 65.8 | 58.0 | 13.3 | 50.0 | 31.6 | 115.7 | 97.7 | 18.5 |
| Staff Cost | 13.4 | 14.6 | -8.4 | 13.2 | 1.3 | 26.6 | 29.3 | -9.1 |
| Other Expenditure | 88.1 | 85.3 | 3.3 | 113.3 | -22.2 | 201.3 | 147.5 | 36.4 |
| Total Cost | 167.2 | 157.9 | 5.9 | 176.4 | -5.2 | 343.7 | 274.5 | 25.2 |
| EBITDA | 13.1 | 11.7 | 11.6 | 13.9 | -6.0 | 27.0 | 19.4 | 39.0 |
| Depreciation | 4.1 | 3.0 | 37.4 | 4.5 | -8.5 | 8.6 | 5.8 | 47.2 |
| EBIT | 9.0 | 8.7 | 2.8 | 9.4 | -4.7 | 18.4 | 13.6 | 35.5 |
| Interest Expenses | 6.2 | 5.0 | 22.6 | 6.0 | 3.4 | 12.1 | 9.6 | 26.2 |
| Non-Operating Income | 1.0 | 0.5 | 85.8 | 0.5 | 111.6 | 1.5 | 1.1 | 33.2 |
| PBT | 3.8 | 4.2 | -10.3 | 3.9 | -3.0 | 7.7 | 5.1 | 52.7 |
| Provision for Tax | 0.9 | 0.8 | 10.9 | 0.6 | 55.7 | 1.5 | 1.0 | 52.0 |
| PAT (Adjusted) | 2.9 | 3.4 | -15.2 | 3.3 | -13.1 | 6.2 | 4.1 | 52.9 |
| Extra Ordinary | 0.0 | 0.0 | * | 0.0 | * | 0.0 | 0.0 | * |
| PAT (Reported) | 2.9 | 3.4 | -15.2 | 3.3 | -13.1 | 6.2 | 4.1 | 52.9 |

Note: (*) Not Applicable, Source: BSE, Varhad Research

Chart 1: Sales trend

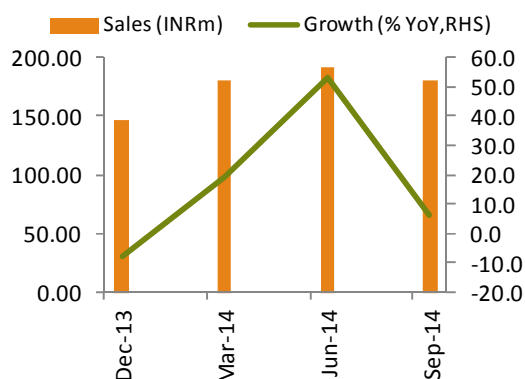


Chart 2: EBITDA trend

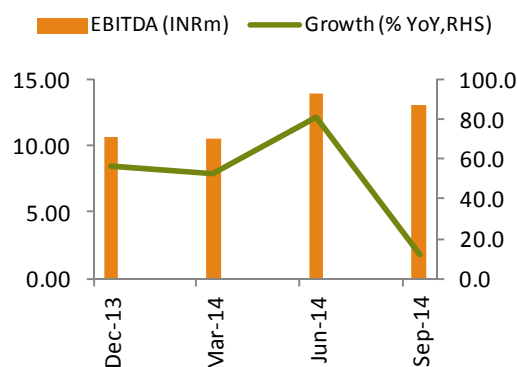


Chart 3: Margin trend

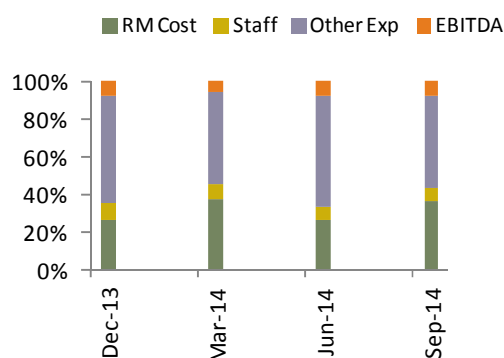
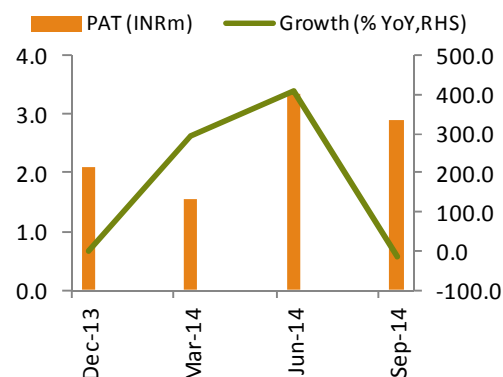


Chart 4: PAT trend



Source: Company, Varhad Research

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