

06 February 2013

CMP: Rs.1.83

Industry: Textiles

BSE group: B

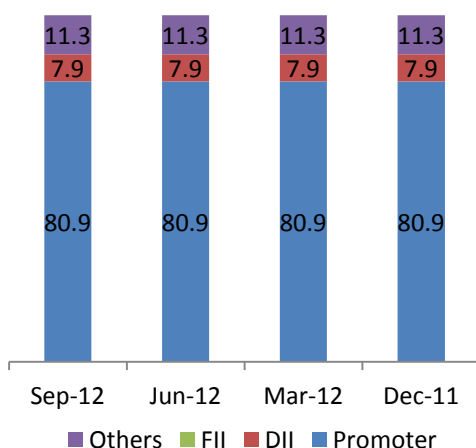
Promoters

Praful Shah and family, Garden Vareli Group

Key Data (as on 21 Jan' 13)

BSE	530185
ISIN	INE936A01025
Face Value (Rs.)	1.0
Mkt Cap (Rs. mn)	406.4
Current P/E	1.6
Current P/BV	0.6
52 week low-high	1.15-2.39
30 days avg daily trading volume	16915
Equity capital (Rs mn)	222.1
Net worth (Rs mn)	693.6

Shareholding Pattern (%)



Initiation Report

[Surat Textile Mills Limited](#)

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Company business

Surat Textile Mills Limited ('STML') is engaged in the manufacture and sale of polyester filament yarn, polyester chips and cotton spun yarns. It has three manufacturing units in Surat, Gujarat and one in Silvassa, Dadra and Nagar Haveli. The company has a total installed capacity to produce 25,000 tonnes of polyester chips and 5000 tonnes of polyester yarn across the four manufacturing facilities. STML, formerly known as Garden Cotton and Yarn, is part of the Garden Vareli group promoted by Praful Shah and family. The group's flagship company, Garden Silk Mills Limited, is a garment manufacturer and reported net losses of Rs.788 mn in FY12.

Financials

Particulars (Rs in mn)	Jul '12 to Sep '12	Jul '11 to Sep '11	% Change ¹	Apr'12 to Jun '12	% Change ²
Total income	547.9	568.9	(3.7%)	451.3	21.4%
Total expenditure	499.0	555.2	(10.1%)	442.4	12.8%
EBIDTA	48.9	13.7	256.9%	8.9	449.4%
EBIDTA margin	8.92%	2.41%	270.6%	1.97%	352.6%
PBT	44.6	0.8	5475.0%	4.6	869.6%
PAT	44.6	0.8	5475.0%	4.6	869.6%
PAT margin	8.14%	0.14%	5688.7%	1.02%	698.6%
Cash accruals	48.4	4.3	1025.6%	8.3	483.1%
EPS	0.2	--	-	0.0	900.0%

¹ compared to corresponding quarter in the previous year

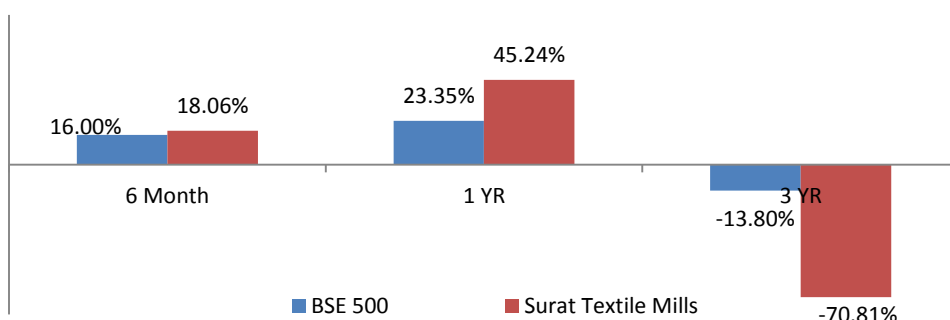
² sequential comparisons

Source: Moneycontrol, Company

Financial Performance

As compared to Q2FY12, the raw material costs for STML have come down by 28% to Rs.311.2 mn. Also, in the previous fiscal, the company had sold some of its surplus land and buildings and used the proceeds to repay some of its outstanding loans. As a result, the interest expenses have decreased sharply. This has provided a boost to the company's net profits, which surged to Rs.44.6 mn during the quarter.

Share Price Performance



Financials

P&L (Rs. mn)	FY10	FY11	FY12
Total income	2,430	2,728	2,174
EBIDTA	145	164	319
EBIDTA margin	6%	6%	15%
Depreciation	18	17	15
EBIT	127	147	304
Interest	40	39	29
PBT	87	108	275
Tax	15	25	77
PAT	72	84	198
PAT Margin	3%	3%	9%
Dividend	-	-	-
Dividend Payout	-	-	-
Valuation ratios	FY10	FY11	FY12
P/E	14.02	6.90	1.62
P/BV	3.19	1.16	0.46

Balance Sheet (Rs.mn)	FY10	FY11	FY12
Share Capital	222	222	222
Reserves & Surplus	95	274	472
Net worth	317	496	694
Borrowings	290	290	9
Other liabilities	363	222	251
Total liabilities	970	1,008	954
Net fixed assets	237	220	209
Other non-current assets	186	230	206
Loans and Advances	174	46	69
Current Assets	372	512	470
Total assets	970	1,008	954
Cash Flow (Rs.mn)	FY10	FY11	FY12
PBT	87	108	275
CF from Operation	199	(118)	52
CF from Investment	(60)	42	265
CF from Financing	(68)	(36)	(306)
Inc/(dec) Cash	71	(112)	11
Closing Balance	123	10	21

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