

## RESULT UPDATE

### MID CAP

#### Share Data

Reuters code	SNTX.BO
Bloomberg code	SINT IN
Market cap. (US\$ mn)	703
6M avg. daily turnover (US\$ mn)	12.2
Issued shares (mn)	432
Target price (Rs)	149

Performance (%)	1M	3M	12M
Absolute	(15)	(1)	121
Relative	(9)	7	86

#### Valuation Ratios (Consolidated)

Yr to 31 Mar	FY16E	FY17E
EPS (Rs)	13.4	16.9
+/- (%)	3.5	26.0
P / E (x)	7.8	6.2
P / B (x)	0.9	0.8
Dividend Yield (%)	0.8	0.9
EV / Sales (x)	1.1	0.9
EV / EBITDA (x)	6.7	5.1

#### Major shareholders (%)

Promoters	34
FII's	28
MF's	2
Public & Others	36

#### Financial highlights (Consolidated)

(Rs mn)	4QFY14	4QFY15	YoY (%)	3QFY15	QoQ (%)	FY14	FY15	YoY (%)	FY16E	YoY (%)	FY17E	YoY (%)
Total revenue	19,831	21,763	9.7	18,329	18.7	58,426	70,066	19.9	77,465	10.6	94,831	22.4
EBITDA	3,574	4,085	14.3	3,069	33.1	9,423	11,824	25.5	13,258	12.1	16,646	25.6
EBITDA margin (%)	18.0	18.8	-	16.7	-	16.1	16.9	-	17.1	-	17.6	-
Depreciation	817	711	(13.0)	746	(4.8)	2,548	2,605	2.3	3,511	34.8	5,080	44.7
Other income	95	477	401.1	119	300.6	993	964	(2.9)	650	(32.6)	900	38.5
Interest expense	1,058	861	(18.6)	648	32.9	2,894	2,835	(2.0)	2,389	(15.7)	2,353	(1.5)
Exceptional items	1	(61)	-	(64)	-	(209)	(218)	-	-	-	-	-
PBT	1,796	2,929	63.1	1,729	69.4	4,766	7,130	49.6	8,008	12.3	10,113	26.3
Tax Expense	175	948	442.1	118	701.7	1,132	1,863	64.6	2,082	11.7	2,629	26.3
Reported PAT	1,612	1,978	22.7	1,620	22.1	3,647	5,288	45.0	5,996	13.4	7,554	26.0
Adjusted PAT	1,611	2,039	26.6	1,685	21.0	3,856	5,506	42.8	5,996	8.9	7,554	26.0
Adjusted PAT margin (%)	8.1	9.4	-	9.2	-	6.6	7.9	-	7.7	-	8.0	-
Adjusted EPS (Rs)	5.2	4.8	(7.2)	4.5	6.3	12.3	13.0	5.3	13.4	3.5	16.9	26.0

## Sintex Industries

Maintain Outperformer

Price: Rs 105

BSE Index: 26,599

07 May 2015

### 4QFY15 Result – Strong performance despite high YoY base!

**Sintex Industries Ltd. (SINT) reported a good set of financial results for 4QFY15. Consolidated revenue grew ~9.7% YoY to ~Rs 22 bn. Topline was powered by strong growth in textiles (+39.3% YoY), prefab (+19.3% YoY), and consolidated custom moulding (+15.6% YoY). 4Q EBITDA grew ~14.3% YoY to ~Rs 4 bn (EBITDA margin improved +80 bps YoY to ~18.8%). It is pertinent to note that 4QFY14 was a very strong quarter both in terms of revenue and EBITDA. Tax rate for the quarter came in at ~32.4% (4QFY14 – 9.1%; 3QFY15 – 9.4%). Net income came in at ~Rs 2 bn (+22.7% YoY).**

### Key highlights

**Prefab outlook remains strong:** SINT is expecting a rerun of its strong performance in this segment (+26.1% YoY in FY15) in FY16E. On the prefab front, the company is bullish on government spending initiatives (viz. Sarva Shiksha Abhiyaan and National Health Mission). The company also sees immense potential from emerging product segments like reverse osmosis plants, biogas plants for city-based restaurants and country-based homes (SINT is the only government approved vendor for small domestic scale biogas plants), sewage treatment plants in residential complexes, etc. SINT is expecting revenue growth of ~20%+ in this segment in FY16E. Growth can be higher if orders come in for Swachh Bharat Abhiyaan (SBA) and Corporate Social Responsibility (CSR) initiatives.

### Yarn project on track; Phase II roll out conditional on Phase I performance:

SINT's Pipavav yarn project (~320k spindles) is on schedule and the first ~100k spindles will be operational by September 2015 and the entire phase will be operational by March 2016. The project's utilisation level is expected to be ~20-30% in FY16E but can ramp-up to almost full capacity in FY17E depending on market conditions. According to the management, Phase II roll out (further ~320k spindles) will be conditional on the performance of Phase I.

**Prefab/CM capex conditional on demand:** The management notes that current utilisation levels of its prefab (62% in FY15) and CM facilities (70% in FY15) is lower than optimal, although it is difficult to keep the average utilisation figure in the high 90s due to various market dynamics across regions where SINT has its facilities. However, the company is open to incur additional capex for such facilities if utilisation levels inch higher. The management believes that SBA/CSR order pick-up may necessitate further capex in the prefab segment in FY17-18E. In FY16E, SINT estimates ~Rs 4.5 bn capex in its prefab/CM businesses.

### Segmentwise Break-Up

(Rs mn)	4QFY14	4QFY15	YoY(%)	3QFY15	QoQ (%)	FY14	FY15	YoY (%)
<b>Revenue</b>								
Textiles	1,529	2,130	39.3	1,860	14.5	5,459	7,240	32.6
Monolithic (incl. EPC)	6,058	5,210	(14.0)	2,610	99.6	12,510	13,500	7.9
Prefabrication	3,446	4,110	19.3	4,130	(0.5)	11,740	14,800	26.1
Custom moulding	7,900	9,130	15.6	8,810	3.6	25,660	31,080	21.1
Tanks	930	1,080	16.1	850	27.1	3,090	3,460	12.0
<b>EBITDA margin (%)</b>								
	4QFY14	4QFY15	YoY (bps)	3QFY15	QoQ (bps)	FY14	FY15	YoY (bps)
Textiles	30.1	26.4	(370)	28.0	(155)	25.0	25.0	–
Monolithic (incl. EPC)	14.6	12.4	(217)	10.1	232	17.0	13.0	(400)
Prefabrication	27.6	28.1	46	26.0	206	25.7	26.0	25
Custom moulding	17.1	16.3	(86)	12.8	344	19.3	20.0	67
Tanks	14.0	13.5	(51)	11.8	173	13.8	12.0	(180)

### Outlook and valuation

We remain bullish on the prospects of SINT in the prefab and CM space. The government's strong commitment towards social spending as well as its thrust on driving infrastructure investment and its 'Make in India' manufacturing campaign, 100 smart cities are positive for the company. The improving outlook in the domestic automobile industry and client industry diversification in Europe, are positive boosters for the company's CM business. The easing working capital cycle and reduction in interest rates (high cost debt replaced by low cost TUFs debt, FCCB conversions) are also positive for net profit growth (~17% CAGR in FY15-17E). However, we continue to remain cautious on the company's continued investment in the low return spinning business.

We have marginally increased our revenue and EBITDA estimates for FY16E/FY17E to reflect the better than expected performance of the international CM business. We maintain our Outperformer rating on the stock with a SOTP target price of Rs 149.

### Revised estimates

(Rs mn)	Old		New		Change (%)	
	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E
Total revenue	74,479	89,931	77,465	94,831	4.0	5.4
EBITDA	12,557	15,688	13,258	16,646	5.6	6.1
EBITDA margin (%)	16.9	17.4	17.1	17.6	–	–
Adjusted PAT	5,117	7,004	5,996	7,554	17.2	7.8
Adjusted EPS (Rs)	11.5	15.7	13.4	16.9	17.2	7.8

**Income Statement (Consolidated)**

Period end (Rs mn)	Mar 14	Mar 15	Mar 16E	Mar 17E
<b>Net Sales</b>	<b>58,426</b>	<b>70,066</b>	<b>77,465</b>	<b>94,831</b>
<i>Growth (%)</i>	15.0	19.9	10.6	22.4
Operating Expenses	(49,003)	(58,242)	(64,208)	(78,185)
<b>Operating Profit</b>	<b>9,423</b>	<b>11,824</b>	<b>13,258</b>	<b>16,646</b>
<b>EBITDA</b>	<b>9,423</b>	<b>11,824</b>	<b>13,258</b>	<b>16,646</b>
<i>Growth (%)</i>	27.2	25.5	12.1	25.6
Depreciation	(2,548)	(2,605)	(3,511)	(5,080)
Other Income	993	964	650	900
<b>EBIT</b>	<b>7,869</b>	<b>10,183</b>	<b>10,397</b>	<b>12,466</b>
Finance Cost	(2,894)	(2,835)	(2,389)	(2,353)
Exceptional & Extraordinary	(209)	(218)	0	0
Profit Before Tax	4,766	7,130	8,008	10,113
Tax (Current + Deferred)	(1,132)	(1,863)	(2,082)	(2,629)
Profit/(Loss) For The Period	3,634	5,267	5,926	7,484
P / L of Associates,	13	21	70	70
Min Int, Pref Div				
Reported Profit/(Loss)	3,647	5,288	5,996	7,554
<b>Adjusted Net Profit</b>	<b>3,856</b>	<b>5,506</b>	<b>5,996</b>	<b>7,554</b>
<i>Growth (%)</i>	(7.1)	42.8	8.9	26.0

**Balance Sheet (Consolidated)**

Period end (Rs mn)	Mar 14	Mar 15P	Mar 16E	Mar 17E
Share Capital	311	424	445	445
Reserves & Surplus	35,127	46,553	52,529	59,613
<b>Shareholders' Funds</b>	<b>35,439</b>	<b>46,978</b>	<b>52,974</b>	<b>60,058</b>
<b>Non-Current Liabilities</b>	<b>36,236</b>	<b>37,851</b>	<b>37,561</b>	<b>38,311</b>
Long-Term Borrowings	32,104	31,817	30,667	31,917
Other Long Term Liab.,	4,132	6,033	6,894	6,394
Provisions, DTL				
<b>Current Liabilities</b>	<b>19,281</b>	<b>28,249</b>	<b>29,294</b>	<b>28,244</b>
Short-Term Borrowings,	7,961	10,987	13,398	9,586
Current Maturity				
Other Current Liab. + Provisions	11,320	17,262	15,896	18,658
<b>Total (Equity and Liab.)</b>	<b>90,955</b>	<b>113,077</b>	<b>119,830</b>	<b>126,613</b>
<b>Non-Current Assets</b>	<b>59,211</b>	<b>74,484</b>	<b>65,523</b>	<b>65,443</b>
Fixed Assets (Net Block)	37,403	52,686	53,032	52,952
Non-Current Investments	2,487	2,508	2,508	2,508
Long-Term Loans and Advances	16,920	17,271	7,660	7,660
Other Non-Current Assets,	2,401	2,018	2,323	2,323
DTA, Goodwill				
<b>Current Assets</b>	<b>31,745</b>	<b>38,593</b>	<b>54,307</b>	<b>61,171</b>
Cash & Current Investments	3,292	7,023	2,233	4,151
Other Current Assets	28,453	31,571	52,074	57,020
<b>Total (Assets)</b>	<b>90,955</b>	<b>113,077</b>	<b>119,830</b>	<b>126,613</b>
Total Debt	40,065	42,804	44,065	41,504
Capital Employed	79,635	95,815	103,933	107,955

**Cash Flow Statement (Consolidated)**

Period end (Rs mn)	Mar 14	Mar 15P	Mar 16E	Mar 17E
Profit Before Tax	4,766	7,130	8,008	10,113
Depreciation	2,548	2,605	3,511	5,080
Change in Working Capital	(6,956)	2,412	(12,334)	(2,237)
Total Tax Paid	(722)	(458)	(2,082)	(2,629)
Others	2,894	2,835	2,039	1,853
<b>Cash Flow from Oper. (a)</b>	<b>2,530</b>	<b>14,524</b>	<b>(858)</b>	<b>12,180</b>
Capital Expenditure	(7,360)	(17,888)	(3,857)	(5,000)
Change in Investments	(1,755)	(2,223)	2,201	0
Others	(232)	24	46	500
<b>Cash Flow from Inv. (b)</b>	<b>(9,346)</b>	<b>(20,087)</b>	<b>(1,610)</b>	<b>(4,500)</b>
<b>Free Cash Flow (a+b)</b>	<b>(6,817)</b>	<b>(5,563)</b>	<b>(2,468)</b>	<b>7,680</b>
Equity Raised / (Repaid)	0	8,407	419	0
Debt Raised / (Repaid)	3,525	2,740	1,261	(2,561)
Dividend (incl. Tax)	(255)	(256)	(348)	(418)
Others	(2,635)	(3,798)	(1,452)	(2,783)
<b>Cash Flow from Fin. (c)</b>	<b>635</b>	<b>7,093</b>	<b>(120)</b>	<b>(5,763)</b>
<b>Net Chg. in Cash (a+b+c)</b>	<b>(6,182)</b>	<b>1,530</b>	<b>(2,588)</b>	<b>1,917</b>

**Key Ratios (Consolidated)**

Period end (%)	Mar 14	Mar 15P	Mar 16E	Mar 17E
Adjusted EPS (Rs)	12.3	13.0	13.4	16.9
Growth	(7.1)	5.3	3.5	26.0
CEPS (Rs)	20.5	19.1	21.3	28.3
Book NAV / Share (Rs)	113.2	110.7	118.6	134.5
Dividend / Share (Rs)	0.7	0.7	0.8	0.9
Dividend Payout Ratio	7.0	6.6	7.0	6.2
EBITDA Margin	16.1	16.9	17.1	17.6
EBIT Margin	13.5	14.5	13.4	13.1
Tax Rate	22.8	25.4	26.0	26.0
RoCE	10.4	11.6	10.4	11.8
Net Debt / Equity (x)	1.0	0.8	0.8	0.6
Net Debt / EBITDA (x)	3.9	3.0	3.2	2.2
<b>Du Pont Analysis - ROE</b>				
Net Margin	6.6	7.9	7.7	8.0
Asset Turnover (x)	0.7	0.7	0.7	0.8
Leverage Factor (x)	2.6	2.5	2.3	2.2
Return on Equity	11.6	13.4	12.0	13.4

**Valuations (Consolidated)**

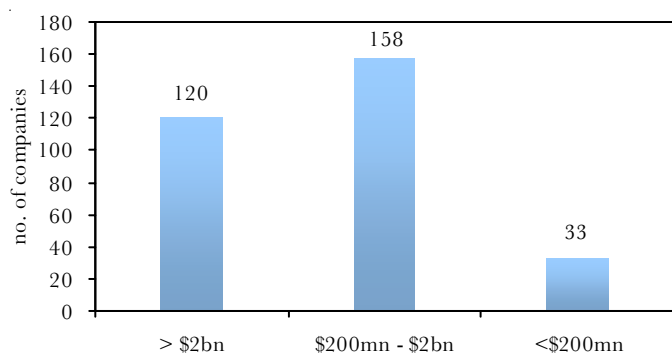
Period end (x)	Mar 14	Mar 15P	Mar 16E	Mar 17E
PER	3.5	9.3	7.8	6.2
PCE	2.1	6.3	4.9	3.7
Price / Book	0.4	1.1	0.9	0.8
Yield (%)	1.6	0.6	0.8	0.9
EV / EBITDA	5.3	7.4	6.7	5.1

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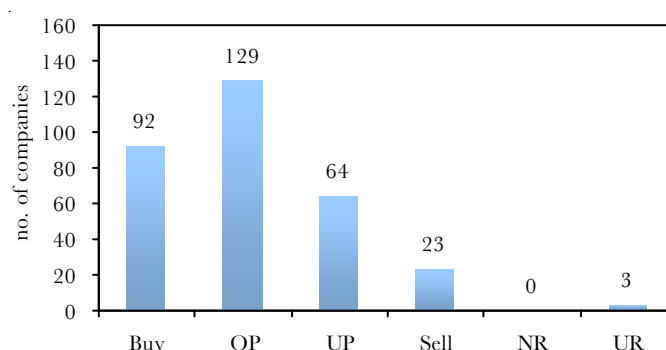
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## B&K Universe Profile

### By Market Cap (US\$ mn)



### By Recommendation



**B&K Securities is the trading name of Batlivala & Karani Securities India Pvt. Ltd.**

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	<b>LARGE CAP</b> (Market Cap > USD 2 bn)	<b>MID CAP</b> (Market Cap of USD 200 mn to USD 2 bn)	<b>SMALL CAP</b> (Market Cap < USD 200 mn)
<b>BUY</b>	>+20% (absolute returns)	>+25% (absolute returns)	>+30% (absolute returns)
<b>OUTPERFORMER</b>	+10% to +20%	+15% to +25%	+20% to +30%
<b>UNDERPERFORMER</b>	+10% to -10%	+15% to -15%	+20% to -20%
<b>SELL</b>	<-10% (absolute returns)	<-15% (absolute returns)	<-20% (absolute returns)

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