

May 13, 2014

Sintex Industries (SININD)

₹ 52

Better performance across all segments...

- Operating revenues increased 42.0% YoY and 44.1% QoQ to ₹ 1983.0 crore (our estimate: ₹ 1432.8 crore) led by surprising revenue growth of 26.4% YoY to ₹ 268 crore from the monolithic business as well as revenue of ₹ 338 crore under the EPC segment. Custom moulding-overseas business also recorded a sharp improvement with growth of 22% YoY led by a pick-up in the automotive segment
- Sharp revenue growth and the relatively slower pace of increase in total expenses led to margin expansion of ~450 bps YoY to 18% in Q4FY14. This, in turn, led to sharp growth of 89% in operating profits for the quarter

Scouting for growth by venturing into different segments

Sintex Industries, which earlier was established as textile player and then ventured into the storage tank business (during 1975), is now mainly in the prefab and custom moulding segment, which together contributes ~64% of total revenues. Remaining 36% of revenues are mainly contributed by monolithic segment (16%), textile (9%) and balance by EPC and tank business. Although venturing into the newer segment led to revenue CAGR of 16.9% in FY08-14, it has also resulted in negative free cash flow generation in FY08-10 due to heavy capex spending pertaining to expansion in the monolithic business and overseas acquisitions in the custom moulding segment. While the monolithic business remained the main revenue growth driver in FY08-11, prefab and custom moulding became the leading growth driver between FY11 and FY14 after a major slowdown was witnessed in the monolithic segment due to low government spending. Although we expect the revenue growth momentum to continue, going forward, with the entry of two more segments (i.e. EPC and textile spinning), managing these segments in a profitable manner with their long-term sustainability would remain a key challenge for the company in our view given the hitch faced by the company in the past. Taking this into account, we factor in moderate revenue CAGR of 13.2% in FY14-16E (without taking into account revenue from spinning business that would start accruing from FY16E).

Capex on spinning business to put cap on return ratios till FY16E

The company is setting up a million spindles in three phases over five years under the scheme launched by the Gujarat government. In phase I, it is setting up 300,000 spindles with estimated capex of ₹ 1,800 crore and plans to commission it within 15 months. Since debt (i.e. 75% of total capex), to be taken for this project, would remain interest free, this would not have any material impact on its profit & loss account during the capex phase. However, it will certainly pressurise return ratios in this period.

FCF to improve from FY16E (post major capex); upgrade to HOLD

The company has guided at bringing down the monolithic business to ~₹ 600 crore by FY16E (down 34% from FY14 revenue). On the other hand, with the entry into the EPC segment and robust outlook for prefab segment, we expect revenue CAGR of 13.5% in FY14-16E (excluding revenue from spinning business) with 17.1% growth in FY15E. We remain a bit conservative on margins and expect an improvement only post FY16E with expected stability in new business. Further, with no major capex in FY16E, we expect free cash flow to improve from FY16E. Hence, we revise our target price upward to ₹ 57 (SOTP bases) with a **HOLD** rating.

Rating matrix

Rating	:	Hold
Target	:	₹ 57
Target Period	:	12-15 months
Potential Upside	:	10%

What's Changed?

Target	Changed from ₹ 30 to ₹ 57
EPS FY15E	Changed from ₹ 11.3 to ₹ 13.1
EPS FY16E	Introduced at ₹ 16.1
Rating	Changed from Sell to Hold

Quarterly Performance

	Q4FY14	Q4FY13	YoY (%)	Q3FY14	QoQ (%)
Revenue	1,983.0	1,396.7	42.0	1,376.1	44.1
EBITDA	357.4	189.0	89.1	245.0	45.9
EBITDA (%)	18.0	13.5	449 bps	17.8	22 bps
PAT	161.2	151.0	6.7	84.0	91.9

Key Financials

₹ Crore	FY13	FY14	FY15E	FY16E
Net Sales	5107.6	5864.8	6869.1	7551.9
EBITDA	769.3	975.4	1076.1	1211.5
Adjusted PAT	323.8	364.7	408.2	507.2
EPS (₹)	10.4	11.7	13.1	16.3

Valuation summary

	FY13	FY14	FY15E	FY16E
PE (x)	5.0	4.4	4.0	3.2
Target PE (x)	4.5	4.7	4.3	3.5
EV to EBITDA (x)	5.4	5.2	5.3	4.7
Price to book (x)	0.5	0.5	0.4	0.4
RoNW (%)	11.6	10.4	10.3	10.9
RoCE (%)	9.8	8.5	9.8	9.9

Stock data

Particular	Amount
Mcap	₹ 1618 crore
Debt (FY14E)	₹ 3819 crore
Cash & Invest(FY14E)	₹ 272 crore
EV	₹ 5165 crore
52 week H/L	₹ 55 / 17
Equity cap	₹ 31.1 crore
Face value	₹ 1

Price performance (%)

	1M	3M	6M	12M
Sintex Industries	15.0	59.6	60.9	-1.8
Nifty	0.9	13.1	11.7	13.4

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Variance analysis

	Q4FY14	Q4FY14E	Q4FY13	YoY (%)	Q3FY14	QoQ (%)	Comments
Net Sales	1983.0	1436.8	1396.7	42.0	1376.1	44.1	Substantially higher than expected revenue is due to EPC business which reported surprisingly high revenue for the quarter
Other Operating Income	0.1	4.9	4.7	-97.6	12.7	-99.1	
Other Income	9.5	15.0	45.6	-79.1	33.7	-71.7	
Raw Material Expenses	1228.8	839.7	854.0	43.9	769.1	59.8	
Employee Expenses	177.8	170.9	158.6	12.1	154.5	15.1	
Stock Adjustment	-12.3	-10.5	-14.3	-13.7	-2.4	416.2	
Purchase of traded goods	39.3	34.6	37.2	5.6	39.1	0.5	
Other Expenditure	192.1	180.5	176.8	8.6	183.4	4.8	
EBITDA	357.4	226.5	189.0	89.1	245.0	45.9	
EBITDA Margin (%)	18.0	15.8	13.5	449 bps	17.8	22 bps	Margin increase in all the businesses led to overall increase in margins. Other than this, change in reporting format of interest earned which now is reported above EBITDA level, also led to higher margins
Interest	105.8	46.9	43.6	142.5	77.6	36.3	
Depreciation	81.7	54.8	54.6	49.5	59.5	37.3	
Less: Exceptional Items	-0.1	0.0	11.6	-100.9	4.1	-102.6	
Total Tax	17.5	19.1	-25.0	-170.1	53.5	-67.3	
Profit from Associates	-0.9	0.0	1.3	-171.3	0.0	NA	
PAT	161.2	105.7	151.0	6.7	84.0	91.9	High revenue from EPC business and higher margins led to growth in PAT
Adjusted PAT	161.1	105.7	165.0	-2.3	86.5	86.3	

Source: Company, ICICIdirect.com Research

Change in estimates

(₹ Crore)	FY15E			FY16E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	6,035.7	6,845.7	13.4	NA	7,527.2	NA	We have increased our revenue estimate for FY15 taking into account new revenue stream of EPC
EBITDA	944.2	1,076.1	14.0	NA	1,211.5	NA	
EBITDA Margin (%)	15.6	15.7	8 bps	NA	16.1	NA	
Adjusted PAT	350.8	408.2	16.4	NA	507.2	NA	Increased business from EPC and lesser dependency on monolithic business would lead to higher PAT and so we have increased our estimates accordingly
EPS (₹)	11.3	13.1	16.1	NA	16.3	NA	

Source: Company, ICICIdirect.com Research

Company Analysis

Building products segment on recovery path led by prefab segment, EPC business; to grow at CAGR of 16.7% during FY14-16E

This segment has been under pressure on account of the slowdown in the monolithic business, which had a share of 61.3% of the building products revenue in FY11. Over FY11-14, revenues from the monolithic business fell at 11.9% CAGR impacting growth in building products, which grew barely at 7.8% CAGR over FY11-14. However, with the entry into the new EPC segment with healthy order book of ₹ 1,700 crore and strong outlook for prefab segment, we expect building products to grow at 16.7% CAGR over FY13-16E despite slowdown in the monolithic business. Building products contributed 48.8% of total revenues in FY11, which came down to 46.8% in FY14. However, with the entry of the new EPC segment, we expect contribution of this segment to improve to 49.7% by FY16E.

Exhibit 1: Building product segmental performance

	FY11	FY12	FY13	FY14	FY15E	FY16E	FY11-14 CAGR	FY14-16E CAGR
<u>Monolithic Construction</u>	1338.3	1060.9	1002.4	914.2	787.6	550.0	-11.9%	-22%
YoY Growth (%)	85.9	-20.7	-5.5	-8.8	-13.8	-30.2		
<u>EPC</u>	0.0	0.0	0.0	338.0	800.0	896.0	NA	63%
YoY Growth (%)	NA	NA	NA	NA	136.7	12.0		
<u>Prefabs (Standalone)</u>	647.1	748.7	975.0	1173.8	1455.5	1833.9	22.0%	25%
YoY Growth (%)	14.6	15.7	30.2	20.4	24.0	26.0		
<u>Tanks</u>	198.5	222.7	271.0	309.5	371.4	445.7	16.0%	20%
YoY Growth (%)	23.0	12.2	21.7	14.2	20.0	20.0		
Total	2183.9	2032.3	2248.4	2735.5	3414.5	3725.6	7.8%	16.7%

Source: Company, ICICIdirect.com Research

Healthy growth to continue in prefab segment;

Over FY11-14, the prefab business grew at 22.9% CAGR to ₹ 1,834 crore. The current capacity utilisation in this segment stands at ~90%. Based on the outlook for FY15E, the management has guided for revenue growth upwards of 25% with stable margins. Given good demand potential of prefab segment, we continue to see it as one of the major growth drivers for this segment, going forward, and have assumed revenues will grow at 25% CAGR over FY14-16E.

Monolithic segment's contribution to come down to below 10% by FY16E

Sintex introduced the monolithic segment to cater to the mass and low cost housing needs and has been a market leader. This business is completely dependent on social spending by the government. Growth in the building products segment was driven by impressive growth in the monolithic business (in FY11, growth was 85.9% YoY). However, since FY11, this business has seen a slowdown with revenue falling 20.7% in FY12, 5.5% in FY13 and 8.8% in FY14. This is on account of a conscious effort to focus on receivables management. The company is committed to reducing the contribution of the monolithic segment in revenue, which dropped from ~30% in FY11 to ~15.6% in FY14. Further, with entry of new segments like EPC and spinning division, the same is expected to come down to 11-12% by FY15E and 7% by FY16E.

Custom moulding – Another growth driver

Sintex entered the custom moulding business in 2008 and has grown internationally through a series of acquisitions. The advantage of replacing metal with plastic, such as low weight which enhances fuel efficiency, low corrosion, better temperature resistance provide for a promising outlook for this segment. Composites are being used across the spectrum in different sectors such as autos, electrical, aerospace, healthcare and defence among others. Since 2007, Sintex has chosen to grow in the composites segment through overseas acquisitions. Due to the economic slowdown, Sintex saw pain in all of its global businesses in FY12. However, there has been a reversal with growth across all international businesses. At present, the domestic segment has seen marginal negative growth in FY14 due to a slowdown in the auto segment. However, we believe the domestic business will pick-up in FY15 and expect revenue of the total custom moulding segment (domestic + overseas) to grow at a CAGR of 11.2% in FY14-16E.

Exhibit 2: Domestic, overseas break-up in custom moulding

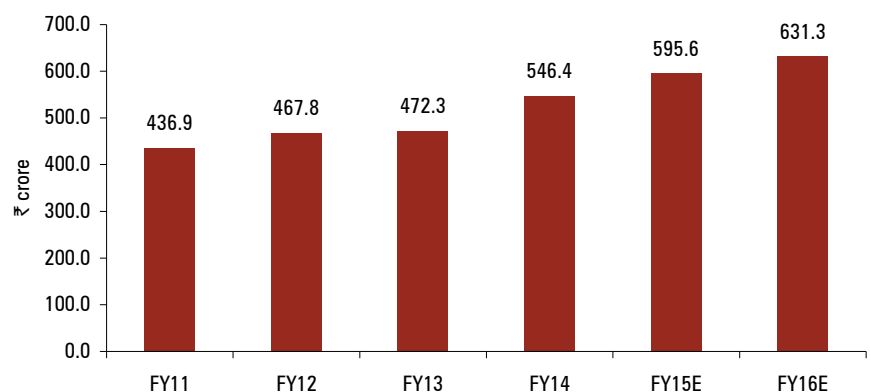
Custom Molding	FY11	FY12	FY13	FY14	FY15E	FY16E	FY11-14 CAGR	FY14-16E CAGR
Domestic (including Bright Auto)	677.9	820.9	1061.0	1059.3	1133.5	1212.8	16.0%	7.0%
	24.5	21.1	29.2	-0.2	7.0	7.0		
Overseas (Wasauke & Neif Pls.)	1176.4	1115.0	1297.7	1506.3	1702.1	1957.4	8.6%	14.0%
	24.3	-5.2	16.4	16.1	13.0	15.0		
Total	1854.3	1935.9	2358.7	2565.6	2835.6	3170.2	11.4%	11.2%

Source: Company, ICICIdirect.com Research

Stable cash flow from textile business (ex-spinning business)

This segment caters to a niche market by supplying only high end structured dyed yarn fabrics to luxury brands such as Armani, Burberry, DKNY, Zara, among others. Due to the global recession, there has been a slowdown in demand for luxury products, particularly in Europe, which has led to a consolidation in the business. In FY12, textiles constituted 10.5% of total revenues, down from 15.5% in FY08. During FY11-14, revenues have grown at a CAGR of 7.7%. In FY13, revenues were more or less flat. However, with recovery in overseas demand, revenues in FY14 grew 15.7% YoY to ₹ 546.4 crore. Going forward, the management has not indicated any investment in this business as the focus has been to grow the various sub segments of the plastics business and spinning business. Hence, we expect steady state cash flows from this business to continue with stable operating margins.

Exhibit 3: Textile division's revenue to grow at CAGR of 7.5% during FY14-16E



Source: Company, ICICIdirect.com Research

Expect revenue CAGR growth of 13.5% during FY14-16E

Given the strong growth outlook in the prefab segment, a pick-up in overseas segment and strong order book in the EPC segment, we expect revenue to grow at a CAGR of 13.5% during FY14-16E.

Exhibit 4: Revenue break-up

₹ Crore	FY11	FY12	FY13	FY14	FY15E	FY16E	(FY14-16E)
Monolithic consn	1338.3	1060.9	1002.4	914.2	787.6	550.0	-22.4
YoY Growth (%)	85.9	-20.7	-5.5	-8.8	-13.8	-30.2	
EPC	0.0	0.0	0.0	338.0	800.0	896.0	62.8
YoY Growth (%)	NA	NA	NA	NA	136.7	12.0	
Prefabs*	647.1	748.7	975.0	1173.8	1455.5	1833.9	25.0
YoY Growth (%)	14.6	15.7	30.2	20.4	24.0	26.0	
Storage tanks	198.5	222.7	271.0	309.5	371.4	445.7	20.0
YoY Growth (%)	23.0	12.2	21.7	14.2	20.0	20.0	
CM - Domestic**	677.9	820.9	1061.0	1059.3	1133.5	1212.8	7.0
YoY Growth (%)	24.5	21.1	29.2	-0.2	7.0	7.0	
CM - Overseas***	1176.4	1115.0	1297.7	1506.3	1702.1	1957.4	14.0
YoY Growth (%)	24.3	-5.2	16.4	16.1	13.0	15.0	
Textiles	436.9	467.8	472.3	546.4	595.6	631.3	7.5
YoY Growth (%)	0.3	7.1	1.0	15.7	9.0	6.0	
Total	4475.1	4436.0	5079.4	5847.5	6845.7	7527.2	13.5
YoY Growth (%)	36.3	-0.9	14.5	15.1	17.1	10.0	

Source: Company, ICICIdirect.com Research

Margins to remain flat led by change in business mix

The company is scaling down its operations in the monolithic segment due to high working capital requirement and venturing into newer segments like EPC, which is a low margin business currently. Due to this change in business mix, we expect margins to stay under pressure in our forecast period of FY13-15E until it gets stability in terms of business segment.

Exhibit 5: EBITDA margins to remain at ~16% during FY14-16E

₹ Crore	FY11	FY12	FY13	FY14E	FY15E	FY16E	(FY14-16E)
Monolithic consn	283.9	162.6	158.1	160.6	116.6	81.4	-28.8
EBITDA Margin (%)	21.2	15.3	15.8	17.6	14.8	14.8	
EPC (New)	0.0	0.0	0.0	27.0	64.0	71.7	62.8
EBITDA Margin (%)	NA	NA	NA	8.0	8.0	8.0	
Prefabs	128.4	147.1	174.6	298.5	372.2	473.0	25.9
EBITDA Margin (%)	19.8	19.6	17.9	25.4	25.6	25.8	
Storage tanks	19.1	22.7	27.4	36.1	40.8	50.4	18.1
EBITDA Margin (%)	9.6	10.2	10.1	11.7	11.0	11.3	
CM - Consol*	270.4	291.9	311.7	341.5	351.5	393.1	7.3
EBITDA Margin (%)	14.6	15.1	13.2	13.3	12.4	12.4	
Textiles	113.0	105.7	87.6	131.8	131.0	142.0	3.8
EBITDA Margin (%)	25.9	22.6	18.5	24.1	22.0	22.5	
Total	814.8	730.0	759.4	995.6	1076.1	1211.5	10.3
EBITDA Margin (%)	18.2	16.1	15.1	16.6	15.7	16.0	
YoY Growth (%)	52.6	-10.4	4.0	31.1	8.1	12.6	

Source: Company, ICICIdirect.com Research * (Domestic and overseas combined)

Prefab will be driving sales growth coupled with the custom mouldings overseas business, which is expected to register double digit growth. While the custom mouldings domestic has remained flat in FY14, demand is expected to normalise next year with a pick-up in the auto segment

Current performance

Q4FY14 revenue grows 42.3% YoY to ₹ 1987 crore

During the quarter, the monolithic segment reported surprise revenue growth of 26.4% YoY to ₹ 268 crore vs. sharp de-growth in the previous quarter. The custom moulding-overseas business also recorded a sharp improvement with revenue growth of 22% YoY led by a pick-up in the automotive segment. Further, the company booked revenue of ₹ 338 crore under the EPC segment that, in turn, led to a sharp growth in total revenues for the quarter.

Exhibit 6: Quarterly trend in revenues

₹ Crore	Q1FY13	Q2FY13	Q3FY13	Q4FY13	Q1FY14	Q2FY14	Q3FY14	Q4FY14
Monolithic consn	215.0	242.0	333.4	212.0	186.9	263.3	196.0	268.0
YoY Growth (%)	-22.4	-14.2	40.4	-19.7	-13.1	8.8	-41.2	26.4
EPC	0.0	0.0	0.0	0.0	0.0	0	0.0	338.0
YoY Growth (%)	NA	NA	NA	NA	NA	NA	NA	NA
Prefabs*	172.0	231.0	277.6	294.4	204.8	303	322.0	344.0
YoY Growth (%)	15.8	37.0	22.5	43.6	19.1	31.2	16.0	16.8
Storage tanks	64.0	62.0	60.0	85.0	75.5	75	65.0	94.0
YoY Growth (%)	32.8	11.7	0.0	44.1	18.0	21.0	8.3	10.6
CM-Domestic	224.4	244.0	264.3	328.4	187.2	235.1	269.0	368.0
YoY Growth (%)	25.0	8.7	14.9	75.6	-16.6	-3.6	1.8	12.1
CM-Overseas	292.0	290.0	369.7	346.0	358.7	352.6	373.0	422.0
YoY Growth (%)	-15.7	-6.3	27.5	104.7	22.8	21.6	0.9	22.0
Textiles	109.6	117.0	115.4	130.3	110.8	130.6	152.0	153.0
YoY Growth (%)	0.0	3.4	1.2	-0.5	1.1	11.6	31.7	17.4
Total	1077.0	1186.0	1420.3	1396.1	1123.9	1359.6	1377.0	1987.0
YoY Growth (%)	-2.9	2.8	22.7	37.5	4.4	14.6	-3.0	42.3

Source: Company, ICICIdirect.com Research

Reported EBITDA jumps 89% YoY led by healthy margins

Sharp revenue growth and the relatively slower pace of increase in total expenses led to a margin expansion of ~450 bps YoY to 18% in Q4FY14. This, in turn, led to sharp growth of 89% in operating profits for the quarter.

Exhibit 7: Quarterly trend in margins

	Q1FY13	Q2FY13	Q3FY13	Q4FY13	Q1FY14	Q2FY14	Q3FY14	Q4FY14
Monolithic consn	41.5	36.3	63.4	17.0	26.2	36.1	37.2	61.1
Margin (%)	19.3	15.0	19.0	8.0	14.0	13.7	19.0	22.8
EPC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	27.0
Margin (%)	NA	NA	NA	NA	NA	NA	NA	8.0
Prefabs*	32.3	45.0	47.2	50.0	47.9	69.7	86.0	94.9
Margin (%)	18.8	19.5	17.0	17.0	23.4	23.0	26.7	27.6
Storage tanks	7.0	5.9	6.0	8.5	7.9	8.0	7.0	13.2
Margin (%)	10.9	9.5	10.0	10.0	10.5	10.7	10.8	14.0
Custom moulding	75.8	72.1	81.5	82.3	55.7	69.8	81.1	134.9
Margin (%)	14.7	13.5	12.9	12.2	10.2	11.9	12.6	17.1
Textiles	21.4	23.4	11.5	31.3	21.1	29.9	35.0	45.9
Margin (%)	19.5	20.0	10.0	24.0	19.0	22.9	23.0	30.0
Total	178.0	182.7	209.6	189.1	158.7	213.5	246.3	377.1
Total margin (%)	16.5	15.4	14.8	13.5	14.1	15.7	17.9	19.0

Source: Company, ICICIdirect.com Research

Outlook and Valuations

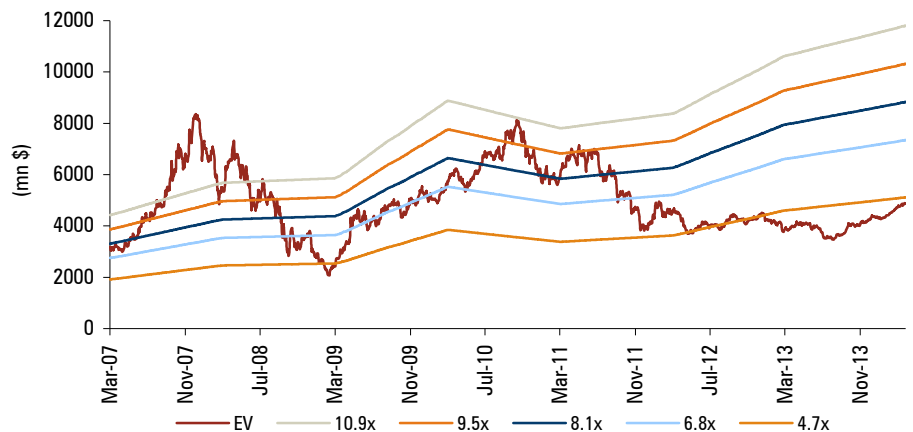
At the CMP of ₹ 52, the stock is trading at 4.0x and 3.2x FY15E EPS and FY16E EPS estimates, respectively. On an EV/EBITDA basis, the stock is trading at 5.3x FY15E EBITDA and 4.7x FY16E EBITDA. The company has guided at bringing down monolithic business to ~₹ 600 crore by FY16E (down 34% from FY14 revenue). On the other hand, with entry into the EPC segment and robust outlook for the prefab segment, we expect revenue CAGR of 13.5% in FY14-16E (excluding revenue from spinning business) with 17.1% growth in FY15E. We remain a bit conservative on margins and expect an improvement only post FY16E with expected stability in new business. Further, with no major capex in FY16E, we expect free cash flow to improve from FY16E. Hence, we revise our target price upward to ₹ 57 (SOTP bases) with **HOLD** rating.

Exhibit 8: SOTP valuation

	Target EV/EBITDA	EBITDA (FY16E)	Target EV
Building Material			
Monolithic Construction	1.0	81	81
EPC	1.0	72	72
Prefabs (Standalone)	6.0	473	2838
Tanks	3.0	50	151
Total			3142
Custom Molding	6.0	393	2359
Textiles	2.5	142	355
Total			5856
Net Debt (FY15E)	₹ Crores		4095
Target Market Capital	₹ Crores		1761
No. of Shares	Crores		31
Target Price	₹ per share		57

Source: Company, ICICIdirect.com Research

Exhibit 9: One year forward EV/EBITDA



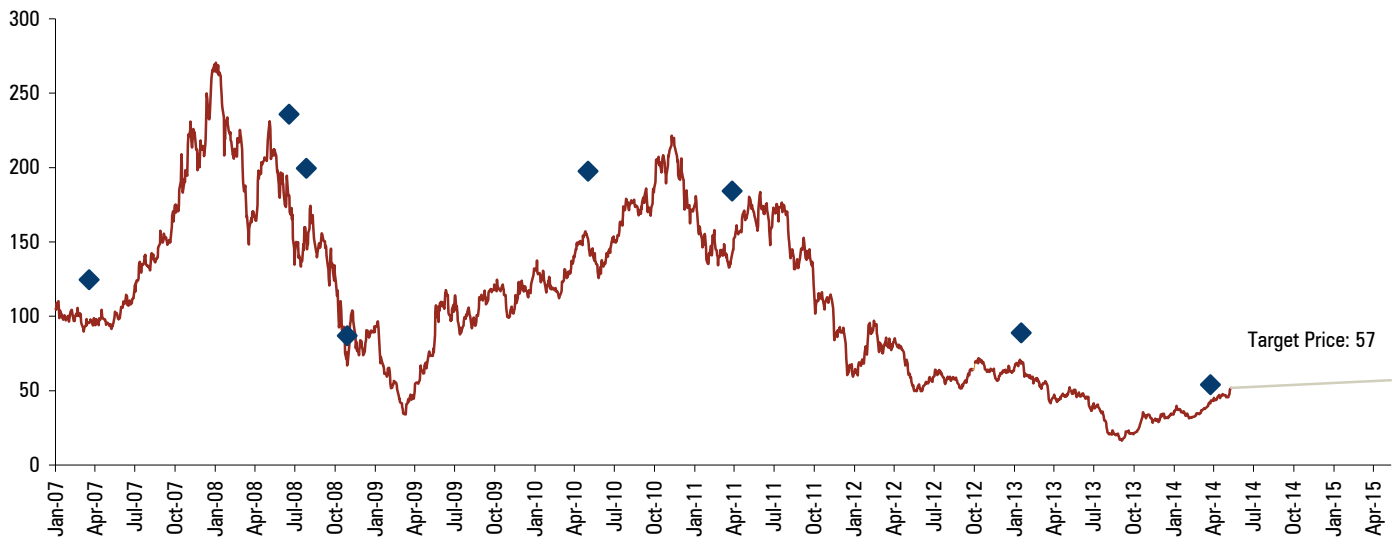
Source: Company, ICICIdirect.com Research

Exhibit 10: Valuation

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY13	5107.6	14.7	10.4	-8.0	5.0	5.4	10.4	8.5
FY14	5864.8	14.8	11.7	12.6	4.4	5.2	10.3	9.8
FY15E	6869.1	17.1	13.1	11.9	4.0	5.3	10.9	9.9
FY16E	7551.9	9.9	16.3	24.2	3.2	4.7	12.0	10.6

Source: Company, ICICIdirect.com Research

Company snapshot



Source: Bloomberg, Company, ICICIdirect.com Research

Key events

Date	Event
Mar-07	The company acquired Nero Plastics Inc.
Oct-08	The company acquired NIEF Plastics SA for EUR 30.70 M
May-10	S3I sold SICMO & SIMOP to Sintex Industries Ltd. Financial terms of the transaction are undisclosed
Mar-11	The company acquired a minority stake in Durha Constructions Pvt. Ltd.
Jun-08	Digvijay Communication and Network Pvt Ltd sold certain asstes to Sintex Industries Ltd for ₹ 54 crore
Jul-08	The company acquired Gieger Technik GmbH for EUR 35 Million
May-10	S3I sold SICMO & SIMOP to Sintex Industries Ltd. Financial terms of the transaction are undisclosed
Mar-11	The company acquired a minority stake in Durha Constructions Pvt. Ltd.
Jan-13	Company raised \$ 170 million through a mix of FCCB and share of QIBs as the company inches nearer to repay its bondholders \$ 290 million by March 2013
Mar-14	Company has started reporting revenue from EPC business separately from Q1FY14 which contributed ~17% to total revenue for the quarter

Source: Company, ICICIdirect.com Research

Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	BVM Finance Pvt. Ltd.	31-Mar-14	24.94	78.1	0.0
2	Opel Securities Pvt. Ltd.	29-Apr-14	7.03	22.0	1.4
3	Kolon Investment Pvt. Ltd.	22-Apr-14	7.03	22.0	1.4
4	Deutsche Securities Mauritius, Ltd.	12-Sep-13	2.73	8.5	8.5
5	ICICI Prudential Life Insurance Company Ltd.	31-Mar-14	1.90	5.9	0.0
6	LIC Nomura Mutual Fund Asset Management Company	31-Mar-14	1.88	5.9	0.0
7	Life Insurance Corporation of India	31-Mar-14	1.63	5.1	0.0
8	Bajaj Group of Industries	31-Mar-14	1.42	4.4	0.0
9	Norges Bank Investment Management (NBIM)	31-Mar-14	1.11	3.5	0.0
10	ICICI Prudential Asset Management Co. Ltd.	31-Mar-14	1.02	3.2	0.0

Source: Reuters, ICICIdirect.com Research

Shareholding Pattern

(in %)	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14
Promoter	36.16	36.61	36.61	37.04	41.02
FII	22.95	24.76	11.82	9.74	7.83
DII	12.05	8.28	8.29	6.90	7.04
Others	28.84	30.35	43.28	46.32	44.11

Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
Deutsche Securities Mauritius, Ltd.	2.82m	8.54m	Star Line Leasing, Ltd.	-2.19m	-2.78m
Kolon Investment Pvt. Ltd.	1.08m	1.39m	BlackRock Investment Management, LLC	-2.10m	-2.67m
Opel Securities Pvt. Ltd.	1.05m	1.39m	PIMCO (US)	-1.08m	-2.03m
Van Eck Associates Corporation	0.59m	0.78m			

Source: Reuters, ICICIdirect.com Research

Financial summary

Profit and loss statement	₹ Crore			
(Year-end March)	FY13	FY14	FY15E	FY16E
Total operating Income	5,107.6	5,864.8	6,869.1	7,551.9
Growth (%)	-0.7	14.8	17.1	9.9
Raw material cost	2863.6	3408.4	3753.1	4125.6
Pur. of traded goods	157.4	151.7	216.0	237.4
Employee cost	590.2	633.1	935.9	1028.9
Others cost	727.1	696.3	888.0	948.4
Total Operating Exp.	4,338.4	4,889.4	5,793.0	6,340.4
EBITDA	769.3	975.4	1,076.1	1,211.5
Growth (%)	-12.1	26.8	10.3	12.6
Depreciation	205.4	254.8	275.1	307.5
Interest	146.2	274.4	302.4	276.4
Other Income	59.8	52.4	56.7	62.4
Exceptional items	90.3	16.1	0.0	0.0
PBT	387.2	482.5	555.4	690.0
Total Tax	66.9	118.0	147.2	182.9
Reported PAT	363.5	354.9	310.3	399.5
Adjusted PAT	439.7	366.9	310.3	399.5
Growth (%)	-23.6	-16.5	-15.4	28.7
Adjusted EPS (₹)	12.8	12.1	13.1	16.3

Source: ICICIdirect.com Research

Balance sheet	₹ Crore			
(Year-end March)	FY13	FY14	FY15E	FY16E
Liabilities				
Equity Capital	31.1	59.4	59.4	59.4
Reserve and Surplus	3,093.9	3,484.4	3,700.2	4,181.7
Total Shareholders funds	3,125.0	3,543.8	3,759.6	4,241.2
Total Debt	3,480.2	3,819.3	4,319.3	4,319.3
Deferred Tax Liability	-45.9	-76.9	-80.1	-80.1
Minority Interest / Others	486.9	476.2	456.2	456.2
Total Liabilities	7,046.2	7,762.5	8,455.0	8,936.7
Assets				
Gross Block	4,350.3	5,003.8	5,783.8	6,273.8
Less: Acc Depreciation	1,288.8	1,543.5	1,818.6	2,126.1
Net Block	3,061.6	3,460.3	3,965.2	4,147.7
Capital WIP	197.5	280.0	350.0	110.0
Total Fixed Assets	3,259.1	3,740.3	4,315.2	4,257.7
Goodwill	215.7	186.5	186.5	186.5
Investments	130.3	305.8	305.8	305.8
Inventory	453.1	451.1	561.7	593.1
Debtors	1,780.6	2,078.5	2,250.6	2,454.1
Loans and Advances	1,376.4	2,054.4	2,285.8	2,727.3
Cash	890.2	272.1	124.6	167.5
Total Current Assets	4,500.3	4,856.0	5,222.8	5,942.0
Creditors	930.9	1,173.9	1,387.9	1,546.7
Provisions	128.4	152.3	187.4	208.8
Total Current Liabilities	1,059.2	1,326.2	1,575.3	1,755.5
Net Current Assets	3,441.1	3,529.8	3,647.5	4,186.5
Application of Funds	7,046.3	7,762.4	8,455.0	8,936.6

Source: Company, ICICIdirect.com Research

Cash flow statement	₹ Crore			
(Year-end March)	FY13	FY14	FY15E	FY16E
Profit after Tax	323.8	364.7	408.2	507.2
Add: Depreciation	205.4	254.8	275.1	307.5
(Inc)/dec in Current Assets	-595.7	-973.8	-514.2	-676.4
Inc/(dec) in CL and Provisions	-71.6	266.9	249.1	180.2
CF from operating activities	-138.1	-87.4	418.2	318.5
(Inc)/dec in Investments	12.0	-175.5	0.0	0.0
(Inc)/dec in Fixed Assets	-568.9	-706.7	-850.0	-250.0
Others	186.3	-41.8	-23.2	0.0
CF from investing activities	-370.7	-924.0	-873.2	-250.0
Issue/(Buy back) of Equity	32.3	0.0	0.0	0.0
Inc/(dec) in loan funds	525.5	339.2	500.0	0.0
Dividend paid & dividend tax	-25.6	-25.7	-25.6	-25.6
Inc/(dec) in Sec. premium	0.0	0.0	0.0	0.0
Others	146.2	79.8	-166.8	0.0
CF from financing activities	678.4	393.3	307.6	-25.6
Net Cash flow	169.7	-618.2	-147.4	42.9
Opening Cash	720.6	890.2	272.1	124.6
Closing Cash	890.2	272.1	124.6	167.5

Source: Company, ICICIdirect.com Research

Key ratios				
(Year-end March)	FY13	FY14	FY15E	FY16E
Per share data (₹)				
Adjusted EPS	12.8	12.1	13.1	16.3
Cash EPS	17.5	17.0	19.9	22.0
BV	97.7	100.4	113.9	120.8
DPS	0.0	0.7	0.7	0.7
Cash Per Share	26.6	28.6	8.7	4.0
Operating Ratios (%)				
EBITDA Margin	15.1	16.6	15.7	16.0
PAT Margin	8.6	6.3	4.5	5.3
Inventory days	31.8	30.5	28.2	27.0
Debtor days	136.0	128.0	129.8	120.0
Creditor days	63.5	66.9	73.3	74.0
Return Ratios (%)				
RoE	11.6	10.4	10.3	10.9
RoCE	9.8	8.5	9.8	9.9
RoIC	8.1	7.9	7.5	7.2
Valuation Ratios (x)				
P/E	5.0	4.4	4.0	3.2
EV / EBITDA	5.4	5.2	5.3	4.7
EV / Net Sales	0.8	0.9	0.8	0.8
Market Cap / Sales	0.4	0.3	0.3	0.2
Price to Book Value	0.5	0.5	0.5	0.4
Solvency Ratios				
Debt/EBITDA	4.1	4.5	3.9	4.0
Debt / Equity	1.1	1.1	1.1	1.1
Current Ratio	3.3	4.2	3.7	3.3
Quick Ratio	2.7	3.4	3.5	3.2

Source: Company, ICICIdirect.com Research

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