

July 14, 2015

Sintex Industries (SININD)

₹101

Dismal performance; prefab this time...

- During Q1FY16, Sintex Industries (SIL) missed our growth estimates led by a persistent slowdown in the building materials segment. Revenue from this segment declined 7% YoY to ₹ 527 crore (monolithic & EPC down 24% YoY, prefab up 5%, storage tanks up 5.7%). However, strong growth from the custom moulding division (revenues: ₹ 770 crore, up 24% YoY) and textile segment (revenues: ₹ 171 crore, up 11% YoY) helped SIL report 9.4% topline growth
- The blended EBITDA margin for the quarter also remained marginally lower than our estimate due to higher growth of the low margin segment. Further, higher depreciation and exceptional loss on forex movement resulted in lower profitability growth during the quarter

Scouting for growth by venturing into different segments

Sintex Industries, which was earlier established as a textile player and then ventured into the storage tank business (in 1975), is now mainly in the prefab and custom moulding segment, which together contributes ~67% of total revenues. The remaining 33% of revenues are mainly contributed by the monolithic segment (10%), textile (11%) and balance by EPC and tank business. Although venturing into the newer segment led to revenue CAGR of 17.4% in FY08-15, it has also resulted in negative free cash flow generation in FY08-10 due to heavy capex 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 FY15 after a major slowdown witnessed in the monolithic segment due to low government spending. We expect the revenue growth momentum to continue, going forward. However, with the entry into two more segments (i.e. EPC, textile spinning), we believe that managing these segments in a profitable manner with their long-term sustainability would remain a key challenge for the company given the issues faced by the company in the past. Taking this into account, we factor in revenue CAGR of 14.9% in FY15-17E (without taking into account revenue from spinning business that would start accruing fully from FY17E).

Spinning business –new segment in offing; ~₹ 1000 crore spent till date

The spinning mill is expected to commence operations of the first one lakh spindles in September 2015 with phased addition to complete installation of three lakh spindles by March 2016. The company has incurred a capex of ~₹ 1000 crore till date with ~₹ 800 crore to be spent in the next year. The company expects to clock revenues of ₹ 1000 crore in FY17E and over ₹ 3000 crore in FY18E, which looks a challenging task in our view.

New venture to put cap on return ratios; dropping coverage

The growth trajectory of the company has remained unstable due to its presence across wider segments. Further, with over 42% equity dilution led by FCCB conversion, EPS growth remained flattish to negative over the past five years. The company is venturing into a new segment (spinning business) from H2FY16 onwards. We expect the company to maintain its revenue growth guidance despite muted Q1FY16 performance through heavy capex on the new segments. However, we believe that managing these segments in a profitable manner with their long-term sustainability would remain a key challenge for the company given the issues faced by the company in the past. We are dropping coverage on the stock to optimise available resources and till a meaningful sustained improvement at the bottomline level happens.

Rating matrix

Rating	:	Drop Coverage
Target	:	NA
Target Period	:	NA
Potential Upside	:	NA

What's Changed?

Target	NA
EPS FY16E	Changed from ₹ 12.8 to ₹ 10.6
EPS FY17E	Changed from ₹ 14.9 to ₹ 13.5
Rating	NA

Quarterly Performance

	Q1FY16	Q1FY15	YoY (%)	Q4FY15	QoQ (%)
Revenue	1,467.6	1,341.4	9.4	2,168.2	-32.3
EBITDA	231.9	207.4	11.8	408.5	-43.2
EBITDA (%)	15.8	15.5	34 bps	18.8	-304 bps
PAT	68.7	61.6	11.5	197.8	-65.3

Key Financials

₹ Crore	FY14	FY15	FY16E	FY17E
Net Sales	5864.8	7034.9	7930.5	9765.9
EBITDA	975.4	1210.6	1254.0	1533.5
Adjusted PAT	364.7	528.8	471.7	600.7
EPS (₹)	11.7	12.5	10.6	13.5

Valuation summary

	FY14	FY15	FY16E	FY17E
PE (x)	8.6	8.1	9.5	7.5
Target PE (x)	NA	NA	NA	NA
EV to EBITDA (x)	8.2	6.4	6.9	5.7
Price to book (x)	0.9	0.9	1.0	0.9
RoNW (%)	10.4	10.3	11.3	10.8
RoCE (%)	8.5	9.8	11.0	9.9

Stock data

Particular	Amount
Mcap	₹ 4489 crore
Debt (FY15)	₹ 3955 crore
Cash & Invest(FY15)	₹ 407 crore
EV	₹ 8037 crore
52 week H/L	₹ 137 / 66
Equity cap	₹ 44.4 crore
Face value	₹ 1

Price performance (%)

	1M	3M	6M	12M
Sintex Industries	4.1	-16.2	5.9	20.1
Nifty	6.0	-4.2	1.9	13.4

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Variance analysis

	Q1FY16	Q1FY16E	Q1FY15	YoY (%)	Q4FY15	QoQ (%)	Comments
Net Sales	1467.6	1642.6	1341.4	9.4	2168.2	-32.3	Motolithic and EPC segment (down 24.1% YoY) dragged down topline growth while custom moulding continued to perform well with 24% growth in topline. The prefab segment saw single digit growth of 5%, which was a negative surprise during the quarter
Other Operating Income	3.7	4.3	4.0	-9.5	8.2	-55.3	
Other Income	18.6	2.8	2.5	638.1	47.7	-61.1	
Raw Material Expenses	791.0	905.8	775.9	1.9	1286.2	-38.5	
Employee Expenses	187.7	190.7	154.0	21.9	195.7	-4.1	
Stock Adjustment	-1.3	-7.6	-5.6	-77.4	11.3	-111.3	
Purchase of traded goods	45.9	41.6	37.5	22.4	33.0	39.0	
Other Expenditure	216.0	251.1	176.2	22.6	241.7	-10.6	
EBITDA	231.9	265.3	207.4	11.8	408.5	-43.2	
EBITDA Margin (%)	15.8	16.1	15.5	34 bps	18.8	-304 bps	
Interest	66.0	74.0	64.9	1.7	86.1	-23.3	
Depreciation	76.4	74.1	54.6	39.8	71.1	7.4	
Less: Exceptional Items	5.7	0.0	4.0	42.4	6.1	-7.3	Exceptional loss pertains to forex loss on account of adverse movement in currencies
Total Tax	33.8	30.6	25.4	33.2	94.8	-64.4	Average tax rate may rise gradually due to completion of tax benefit period in some of its plants
Profit from Associates	0.0	0.0	0.5	-100.0	-0.3	-100.0	
PAT	68.7	89.3	61.6	11.5	197.8	-65.3	Net profitability has remained lower than our estimates mainly due to lower sales growth and higher tax rate during the quarter
Adjusted PAT	72.5	89.3	64.4	12.5	201.9	-64.1	

Source: Company, ICICIdirect.com Research

Change in estimates

(₹ Crore)	FY16E			FY17E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	8,052.4	7,901.8	-1.9	9,260.2	9,735.6	5.1	Spinning to drive topline growth in FY17E
EBITDA	1,321.8	1,254.0	-5.1	1,549.1	1,533.5	-1.0	
EBITDA Margin (%)	16.4	15.9	-54 bps	16.7	15.8	-98 bps	We expect margins to stabilise to 16.8% from 17.2% reported in FY15
Adjusted PAT	543.4	475.5	-12.5	634.4	600.7	-5.3	
EPS (₹)	12.8	10.6	-17.1	14.9	13.5	-9.3	We now factor in impact of FCCB conversion into equity in full for FY16E & FY17E. Further, moderation in margins may lead to lower EPS during our forecast period

Source: Company, ICICIdirect.com Research

Company Analysis

Building products segment on slow recovery path; to grow at CAGR of 11.5% in FY15-17E

This segment has been under pressure on account of the slowdown in the monolithic business, which had a share of 52% of the building products revenue in FY12. Over FY12-15, revenues from the monolithic business declined at 12.4% CAGR impacting growth in building products, which grew barely at 7.7% CAGR (ex-EPC) over FY12-15. However, with the entry into the new EPC segment with a healthy order book for the prefab segment, we expect building products to grow at 11.5% CAGR in FY15-17E. Thus, it is still lower than average growth reported during FY12-15.

Exhibit 1: Building product segmental performance

	FY12	FY13	FY14	FY15	FY16E	FY17E	CAGR (%)	
							FY12-15	FY15-17E
Monolithic Construction	1060.9	1002.4	914.2	713.0	440.0	480.0	-12.4%	-18.0%
YoY Growth (%)	-20.7	-5.5	-8.8	-22.0	-38.3	9.1		
EPC			338.0	637.0	686.0	768.3	NA	9.8%
YoY Growth (%)	NA	NA	NA	88.5	7.7	12.0		
Prefabs (Standalone)	748.7	975.0	1173.8	1480.0	1810.2	2244.6	25.5%	23.2%
YoY Growth (%)	15.7	30.2	20.4	26.1	22.3	24.0		
Tanks	222.7	271.0	309.5	346.0	394.2	457.2	15.8%	15.0%
YoY Growth (%)	12.2	21.7	14.2	11.8	13.9	16.0		
Total	2032.3	2248.4	2735.5	3176.0	3330.4	3950.2	16.0%	11.5%

Source: Company, ICICIdirect.com Research

Prefab segment disappoints this quarter; expect recovery in H2FY16

Over FY12-15, the prefab business grew at 25.5% CAGR to ₹ 1,480 crore. During the quarter, prefab reported single digit revenue growth (revenue ₹ 273 crore, up 5% YoY) during the quarter. However, with a strong order book in the pipeline, the company is hopeful of achieving 20%+ growth in the current fiscal year.

Monolithic segment contribution to come down significantly by FY17E

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, 8.8% in FY14 and 22% in FY15. 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 ~24% in FY12 to ~10.2% in FY15. Further, with the entry of new segments like EPC and spinning division, the same is expected to come down significantly over the next two years.

Custom moulding – Acquisitions driving growth in this segment

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. The domestic segment has seen marginal negative growth in FY14 due to a slowdown in the auto segment. However, with the pick-up in the macro environment, the domestic business grew 19.9% YoY in FY15. Further, acquisition of SIMONIN group during July 2014 (FY13 revenues €48 million with EBITDA margin of 8%) would drive the growth in its overseas segment this fiscal. Overall, we expect total custom moulding segment (domestic + overseas) to grow at a CAGR of 13.2% in FY15-17E.

Source: Company reports

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

Custom Molding	FY12	FY13	FY14	FY15	FY16E	FY17E	CAGR (%)	
							FY12-15	FY15-17E
Domestic (including Bright Auto)	820.9	1061	1059.3	1270	1447.0	1548.3	15.7%	10.4%
	21.1	29.2	-0.2	19.9	13.9	7.0		
Overseas (Wasaukee & Neif Pls.)	1115	1297.66	1506.3	1838	2137.8	2437.1	18.1%	15.1%
	-5.2	16.4	16.1	22.0	16.3	14.0		
Total	1935.9	2358.7	2565.6	3108.0	3584.8	3985.4	17.1%	13.2%

Source: Company, ICICIdirect.com Research

Spinning business textile 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 FY12-15, revenues have grown at a CAGR of 15.7%. In FY13, revenues were more or less flat. However, with a recovery in overseas demand, revenues during FY14 and FY15 grew 15.7% and 32.6% YoY, respectively. The spinning mill is expected to commence operations of the first one lakh spindles in September 2015 with the phased addition to complete installation of three lakh spindles by March 2016. The company has incurred a capex of ~₹ 1000 crore till date with ~₹ 800 crore to be spent over the next year. The company expects to clock revenues of ₹ 1000 crore in FY17E and over ₹ 3000 crore in FY18E, which looks a challenging task in our view.

Current performance

Q1FY16 revenue grows 9.4% YoY to ₹ 1468 crore

The monolithic and EPC segment (down 24.1% YoY) dragged down the topline growth while custom moulding continued to perform well with 24% growth in the topline. The prefab segment saw single digit growth of 5%, which was a negative surprise during the quarter.

Exhibit 3: Revenue growth trend

₹ Crore	Q1FY13	Q2FY13	Q3FY13	Q4FY13	Q1FY14	Q2FY14	Q3FY14	Q4FY14	Q1FY15	Q2FY15	Q3FY15	Q4FY15	Q1FY16
Monolithic consn	215.0	242.0	333.4	212.0	186.9	263.3	196.0	268.0	150.0	209.0	114.0	240.0	110.0
YoY Growth (%)	-22.4	-14.2	40.4	-19.7	-13.1	8.8	-41.2	26.4	-19.7	-20.6	-41.8	-10.4	-26.7
EPC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	338.0	87.0	122.0	147.0	281.0	70.0
YoY Growth (%)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	-16.9	-19.5
Prefabs*	172.0	231.0	277.6	294.4	204.8	303	322.0	344.0	260.0	396.0	413.0	411.0	273.0
YoY Growth (%)	15.8	37.0	22.5	43.6	19.1	31.2	16.0	16.8	27.0	30.7	28.3	19.5	5.0
Storage tanks	64.0	62.0	60.0	85.0	75.5	75	65.0	94.0	70.0	83.0	85.0	108.0	74.0
YoY Growth (%)	32.8	11.7	0.0	44.1	18.0	21.0	8.3	10.6	-7.3	10.7	30.8	14.9	5.7
CM-Domestic	224.4	244.0	264.3	328.4	187.2	235.1	269.0	368.0	253.0	291.0	304.0	422.0	308.0
YoY Growth (%)	25.0	8.7	14.9	75.6	-16.6	-3.6	1.8	12.1	35.1	23.8	13.0	14.7	21.7
CM-Overseas	292.0	290.0	369.7	346.0	358.7	352.6	373.0	422.0	368.0	402.0	577.0	491.0	462.0
YoY Growth (%)	-15.7	-6.3	27.5	104.7	22.8	21.6	0.9	22.0	2.6	14.0	54.7	16.4	25.5
Textiles	109.6	117.0	115.4	130.3	110.8	130.6	152.0	153.0	154.0	171.0	186.0	214.0	171.0
YoY Growth (%)	0.0	3.4	1.2	-0.5	1.1	11.6	31.7	17.4	39.0	30.9	22.4	39.9	11.0
Total	1077.0	1186.0	1420.3	1396.1	1123.9	1359.6	1377.0	1987.0	1342.0	1674.0	1826.0	2167.0	1468.0
YoY Growth (%)	-2.9	2.8	22.7	37.5	4.4	14.6	-3.0	42.3	19.4	23.1	32.6	9.1	9.4

Source: Company, ICICIdirect.com Research

Margins remain flattish in quarter with marginal decline

With higher growth of the low margin segment (CM-overseas) and low growth from the prefab segment, segmental margins during the quarter declined 40 bps YoY. Further, with the change in the revenue mix, we expect margins to stabilise to 16-17% over the next two years.

Exhibit 4: Margin trend (%)

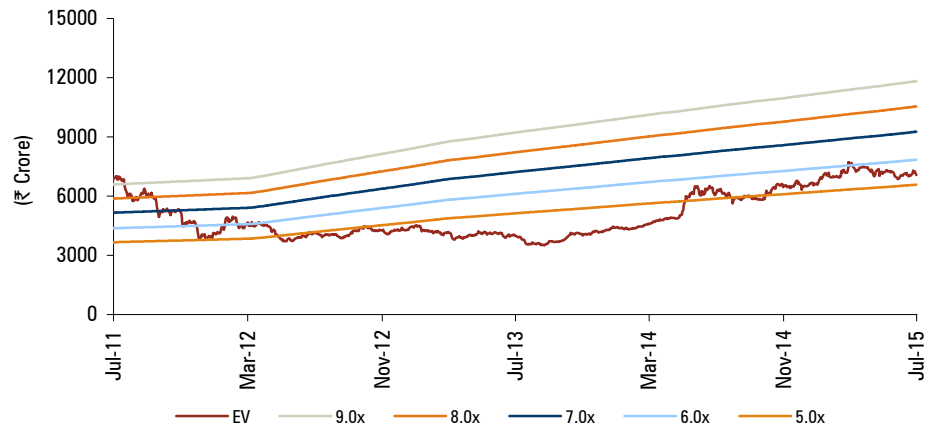
	Q1FY13	Q2FY13	Q3FY13	Q4FY13	Q1FY14	Q2FY14	Q3FY14	Q4FY14	Q1FY15	Q2FY15	Q3FY15	Q4FY15	Q1FY16
Monolithic consn	41.5	36.3	63.4	17.0	26.2	36.1	37.2	61.1	30.0	35.9	16.0	38.4	13.2
Margin (%)	19.3	15.0	19.0	8.0	14.0	13.7	19.0	22.8	20.0	17.2	14.0	16.0	12.0
EPC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	27.0	7.8	11.0	10.3	45.0	8.4
Margin (%)	NA	NA	NA	NA	NA	NA	NA	8.0	9.0	9.0	9.0	9.0	12.0
Prefabs*	32.3	45.0	47.2	50.0	47.9	69.7	86.0	94.9	61.1	101.0	107.4	111.0	62.8
Margin (%)	18.8	19.5	17.0	17.0	23.4	23.0	26.7	27.6	23.5	25.5	26.0	27.0	23.0
Storage tanks	7.0	5.9	6.0	8.5	7.9	8.0	7.0	13.2	7.0	10.0	10.0	15.1	8.1
Margin (%)	10.9	9.5	10.0	10.0	10.5	10.7	10.8	14.0	10.0	12.0	11.8	14.0	11.0
Custom moulding	75.8	72.1	81.5	82.3	55.7	69.8	81.1	134.9	80.1	96.8	113.2	138.7	100.1
Margin (%)	14.7	13.5	12.9	12.2	10.2	11.9	12.6	17.1	12.9	14.0	12.9	15.2	13.0
Textiles	21.4	23.4	11.5	31.3	21.1	29.9	35.0	45.9	30.0	33.3	52.1	59.9	37.6
Margin (%)	19.5	20.0	10.0	24.0	19.0	22.9	23.0	30.0	19.5	19.5	28.0	28.0	22.0
Total	178.0	182.7	209.6	189.1	158.7	213.5	246.3	377.1	216.0	288.1	309.0	408.1	230.3
Total margin (%)	16.5	15.4	14.8	13.5	14.1	15.7	17.9	19.0	16.1	17.2	16.9	18.8	15.7

Source: Company, ICICIdirect.com Research

Outlook and valuations

At the CMP of ₹ 101, the stock is trading at 9.5x and 7.5x FY16E EPS and FY17E EPS estimates, respectively. On an EV/EBITDA basis, the stock is trading at 6.9x FY16E EBITDA and 6.0x FY17E EBITDA. The growth trajectory of the company has remained unstable due to the presence across wider segments. Further, with over 42% equity dilution led by FCCB conversion, EPS growth remained flattish to negative over the past five years. We expect the company to maintain its revenue growth guidance despite muted Q1FY16 performance as the company is venturing into another segment (spinning business) from H2FY16 onwards. However, we believe managing these segments in a profitable manner with their long-term sustainability would remain a key challenge for the company given the issues faced by the company in the past. We are dropping coverage on the stock to optimise available resources and till a meaningful sustained improvement takes place at the bottomline level for the company.

Exhibit 5: One year forward EV/EBITDA



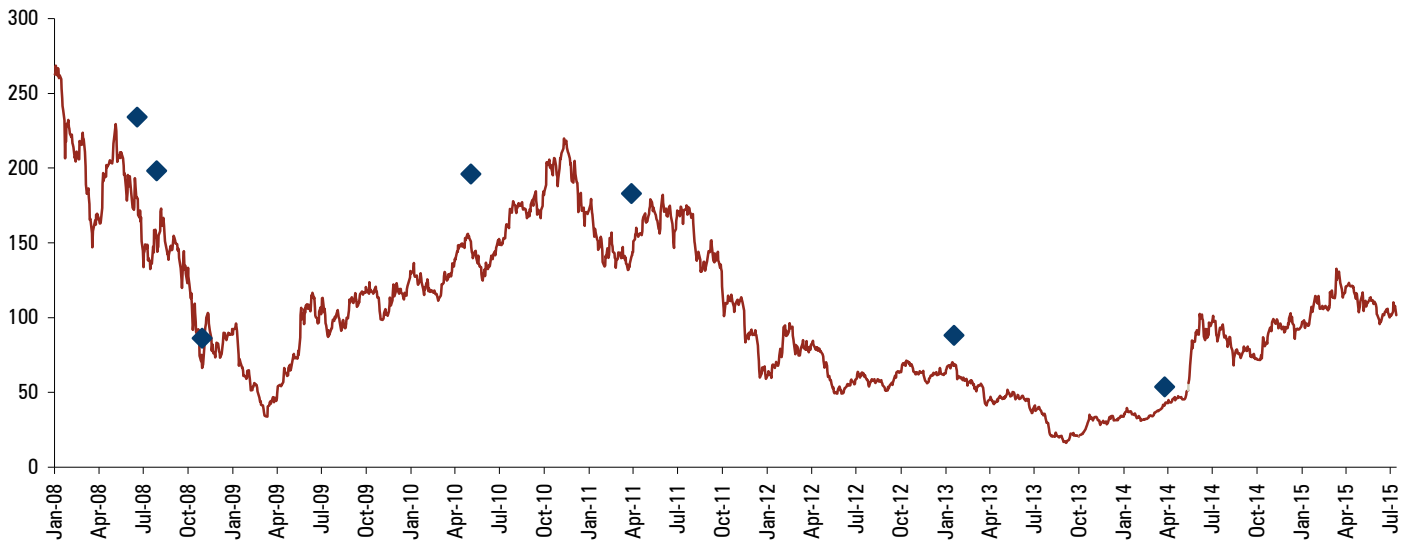
Source: Company, ICICIdirect.com Research

Exhibit 6: Valuation

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY14	5864.8	14.8	11.7	12.6	8.6	8.2	10.3	9.8
FY15	7034.9	20.0	12.5	6.3	8.1	6.4	11.3	11.0
FY16E	7930.5	12.7	10.6	-14.8	9.5	6.9	10.8	9.9
FY17E	9765.9	23.1	13.5	27.3	7.5	5.7	12.1	11.7

Source: Company, ICICIdirect.com Research

Company snapshot



Source: Bloomberg, Company, ICICIdirect.com Research

Key events

Date	Event
Mar-07	Company acquires Nero Plastics Inc.
Oct-08	Company acquires NIEF Plastics SA for €30.70 million
May-10	S3I sells SICMO & SIMOP to Sintex Industries. Financial terms of the transaction are undisclosed
Mar-11	Company acquires a minority stake in Durha Constructions Pvt Ltd
Jun-08	Digvijay Communication and Network Pvt Ltd sell certain asstes to Sintex Industries for ₹ 54 crore
Jul-08	Company acquires Gieger Technik GmbH for €35 million
May-10	S3I sells SICMO & SIMOP to Sintex Industries. Financial terms of the transaction are undisclosed
Mar-11	The company acquires minority stake in Durha Constructions Pvt Ltd
Jan-13	Company raises \$ 170 million through a mix of FCCB and share of QIBs as SIL inches nearer to repay its bondholders \$ 290 million by March 2013
Mar-14	Company starts 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.	12-Mar-15	17.52	78.1	0.0
2	Opel Securities Pvt. Ltd.	12-Mar-15	6.78	30.2	0.0
3	Kolon Investment Pvt. Ltd.	12-Mar-15	6.78	30.2	0.0
4	GIC Private Limited	12-Mar-15	3.73	16.6	-0.9
5	Dimensional Fund Advisors, L.P.	30-Apr-15	1.65	7.4	0.0
6	LIC Nomura Mutual Fund Asset Management Company	12-Mar-15	1.32	5.9	0.0
7	Sloane Robinson LLP	12-Mar-15	1.20	5.4	5.4
8	Platinum Investment Management Ltd.	12-Mar-15	1.10	4.9	4.9
9	Monetary Authority of Singapore	12-Mar-15	1.04	4.6	-0.7
10	First International Group Plc	12-Mar-15	1.03	4.6	0.4

Source: Reuters, ICICIdirect.com Research

Shareholding Pattern

(in %)	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15
Promoter	43.81	43.81	38.67	33.97	32.50
FII	21.60	21.60	19.53	28.21	28.21
DII	4.93	4.93	4.93	2.19	1.99
Others	29.66	29.66	36.87	35.63	37.30

Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
Carnegie Fonder AB			Amundi Hong Kong Limited	-1.93m	-1.66m
Sloane Robinson LLP	10.39m	5.36m	GIC Private Limited	-1.69m	-0.87m
Platinum Investment Management Ltd.	9.46m	4.88m	Russell Investments Limited	-1.36m	-0.81m
The Vanguard Group, Inc.	1.43m	0.91m	Monetary Authority of Singapore	-0.95m	-0.70m
Allianz Global Investors Taiwan Ltd.	1.05m	0.69m	ICICI Prudential Asset Management Co. Ltd.	-0.52m	-0.43m
First International Group Plc	0.81m	0.42m			

Source: Reuters, ICICIdirect.com Research

Financial summary

Profit and loss statement		₹ Crore			
(Year-end March)	FY14	FY15	FY16E	FY17E	
Total operating Income	5,864.8	7,034.9	7,930.5	9,765.9	
Growth (%)	14.8	20.0	12.7	23.1	
Raw material cost	3408.4	4142.9	4158.0	5147.7	
Pur. of traded goods	151.7	161.0	209.2	247.0	
Employee cost	633.1	720.1	935.7	1130.8	
Others cost	696.3	800.3	1373.5	1706.9	
Total Operating Exp.	4,889.4	5,824.3	6,676.4	8,232.4	
EBITDA	975.4	1,210.6	1,254.0	1,533.5	
Growth (%)	26.8	24.1	3.6	22.3	
Depreciation	254.8	260.5	371.4	393.8	
Interest	274.4	283.5	264.1	343.5	
Other Income	52.4	68.2	90.9	100.0	
Exceptional items	16.1	21.8	5.7	0.0	
PBT	482.5	713.0	703.7	896.1	
Total Tax	118.0	186.3	232.0	295.5	
Reported PAT	364.7	528.8	471.7	600.7	
Adjusted PAT	376.8	544.9	475.5	600.7	
Growth (%)	-5.5	44.6	-12.7	26.3	
Adjusted EPS (₹)	12.1	12.8	10.7	13.5	

Source: ICICIdirect.com Research

Balance sheet		₹ Crore			
(Year-end March)	FY14	FY15	FY16E	FY17E	
Liabilities					
Equity Capital	59.4	42.4	42.4	42.4	
Reserve and Surplus	3,484.4	4,655.3	4,318.1	4,918.7	
Total Shareholders funds	3,543.8	4,697.8	4,360.5	4,961.2	
Total Debt	3,819.3	3,955.4	4,555.4	4,805.4	
Deferred Tax Liability	-76.9	-2.5	-2.5	-2.5	
Minority Interest / Others	476.2	585.2	585.2	585.2	
Total Liabilities	7,762.5	9,235.9	9,498.7	10,349.4	
Assets					
Gross Block	5,003.8	6,792.6	6,962.6	7,622.6	
Less: Acc Depreciation	1,543.5	1,804.1	2,175.4	2,569.2	
Net Block	3,460.3	4,988.6	4,787.2	5,053.4	
Capital WIP	280.0	280.0	810.0	450.0	
Total Fixed Assets	3,740.3	5,268.6	5,597.2	5,503.4	
Goodwill	186.5	155.0	155.0	155.0	
Investments	305.8	528.1	528.1	528.1	
Inventory	451.1	517.0	522.1	811.5	
Debtors	2,078.5	2,305.4	2,597.8	3,067.4	
Loans and Advances	2,054.4	2,106.0	2,160.9	2,512.2	
Cash	272.1	406.9	158.6	340.3	
Total Current Assets	4,856.0	5,335.4	5,439.5	6,731.4	
Creditors	1,173.9	1,923.1	2,056.6	2,400.6	
Provisions	152.3	128.1	164.5	168.0	
Total Current Liabilities	1,326.2	2,051.2	2,221.2	2,568.6	
Net Current Assets	3,529.8	3,284.2	3,218.4	4,162.8	
Application of Funds	7,762.4	9,235.9	9,498.6	10,349.3	

Source: Company, ICICIdirect.com Research

Cash flow statement		₹ Crore			
(Year-end March)	FY14	FY15	FY16E	FY17E	
Profit after Tax	364.7	528.8	471.7	600.7	
Add: Depreciation	254.8	260.5	371.4	393.8	
(Inc)/dec in Current Assets	-973.8	-344.5	-352.4	-1,110.2	
Inc/(dec) in CL and Provisions	266.9	725.0	169.9	347.5	
CF from operating activities	-87.4	1,169.8	660.6	231.7	
(Inc)/dec in Investments	-175.5	-222.2	0.0	0.0	
(Inc)/dec in Fixed Assets	-706.7	-1,757.4	-700.0	-300.0	
Others	-41.8	183.5	0.0	0.0	
CF from investing activities	-924.0	-1,796.1	-700.0	-300.0	
Issue/(Buy back) of Equity	0.0	-17.0	0.0	0.0	
Inc/(dec) in loan funds	339.2	136.0	600.0	250.0	
Dividend paid & dividend tax	-25.7	0.0	0.0	0.0	
Inc/(dec) in Sec. premium	0.0	0.0	0.0	0.0	
Others	79.8	642.1	-808.9	0.0	
CF from financing activities	393.3	761.2	-208.9	250.0	
Net Cash flow	-618.2	134.9	-248.3	181.7	
Opening Cash	890.2	272.1	406.9	158.6	
Closing Cash	272.1	406.9	158.6	340.3	

Source: Company, ICICIdirect.com Research

Key ratios					
(Year-end March)	FY14	FY15	FY16E	FY17E	
Per share data (₹)					
Adjusted EPS	12.1	12.8	10.7	13.5	
Cash EPS	17.0	19.9	18.6	19.0	
BV	100.4	113.9	110.7	98.1	
DPS	0.7	0.7	0.0	0.0	
Cash Per Share	28.6	8.7	9.6	3.6	
Operating Ratios (%)					
EBITDA Margin	16.6	17.2	15.8	15.7	
PAT Margin	6.4	7.7	6.0	6.2	
Inventory days	30.5	28.2	25.2	24.0	
Debtor days	128.0	129.8	120.1	120.0	
Creditor days	66.9	73.3	100.2	95.0	
Return Ratios (%)					
RoE	10.4	10.3	11.3	10.8	
RoCE	8.5	9.8	11.0	9.9	
RoIC	7.9	7.5	8.1	6.4	
Valuation Ratios (x)					
P/E	8.6	8.1	9.5	7.5	
EV / EBITDA	8.2	6.4	6.9	5.7	
EV / Net Sales	1.4	1.1	1.1	0.9	
Market Cap / Sales	0.9	0.8	0.6	0.6	
Price to Book Value	1.0	0.9	0.9	1.0	
Solvency Ratios					
Debt/EBITDA	4.5	3.9	3.3	3.6	
Debt / Equity	1.1	1.1	0.8	1.0	
Current Ratio	4.2	3.7	2.6	2.4	
Quick Ratio	3.4	3.5	2.4	2.4	

Source: Company, ICICIdirect.com Research

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