

Ref: SEC/SGX/2017-18
July 31, 2017

Market Control Securities
Operations Group
Singapore Exchange Securities Trading Limited
4, Shenton way
19 – 00 SGX Centre 1
Singapore 068804.

Sub.: Press Release – Un-Audited Financial Results of the Company for the First Quarter ended 30th June, 2017.

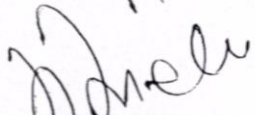
Ref: US\$ 110 million, step down convertible bonds due in 2022 (“Bonds”) listed on the Singapore Exchange Securities Trading Limited.

Dear Sir,

We are sending herewith a copy of Press Release in respect of aforesaid matter, which we are going to release today.

Kindly find the same in order and arrange to place on your Notice Board for information of the Members.

Yours faithfully,
For SINTEX INDUSTRIES LIMITED


Hitesh T. Mehta
Company Secretary



Enclosed: As stated above

SINTEX INDUSTRIES LIMITED

Regd. Office : Kalol-382 721, Dist. Gandhinagar, Gujarat, India.
Ph: +91-2764-253000, Fax : +91-2764-222868 Email: bvm@sintex.co.in



SINTEX INDUSTRIES LTD.
EARNINGS PRESENTATION – Q1 FY18



Overview

- The National Company Law Tribunal has sanctioned the composite Scheme of Arrangement between Sintex Industries Limited, Sintex Plastics Technology Limited (SPTL), Sintex-BAPL Limited and Sintex Prefab and Infra Limited. SPTL to be listed in due course .
- **Yarn** Forayed into manufacturing of value added 100% Compact Cotton yarn at Pipavav, Gujarat.
- **Fabrics** Structured dyed yarn shirtings, High end jacquard fabrics and other specialty fabrics

FY17 Financial Snapshot

- **Total Income** : INR 20,185 Mn
- **EBITDA**: INR 3,671 Mn
- **EBITDA Margin**: 18.20%
- **PAT**: INR 1,342 Mn

Markets

- Supplying to Global and Domestic markets; Yarn Exports at 65 % of sales.
- Exporting to over 20 countries globally.
- Domestic brands like Arrow, Van Heusen, Marks & Spencer.
- Global fashion labels like Armani, Hugo Boss, Diesel, Burberry, and Tommy Hilfiger



Q1FY18 Financial performance

Consolidated	INR mn	
Particulars	Q1 FY17	Q1FY18
Total Income	2477	6875
EBITDA	521	1082
Depreciation	324	339
Finance Cost	216	265
Profit/ (loss) BT	(18.9)	477
Profit After Tax	(-11)	348
Equity	446	554
EPS	(0.06)	0.64

Yarn contribution on capacity ramping up, boosts revenue 177%. Fabric domestic sales low on GST destocking.

Phase I utilisation over 80%, EBITDA rises 107%.

PAT margin at 5%

Phase II commissioning to ensure higher volumes, better negotiating power on logistics and freight cost. Both for exports and domestic sales.

Key Challenges for the quarter

- INR appreciation
- Domestic cotton prices firm, global prices headed lower
- Phase II execution in progress

Standalone Financials (includes yarn and fabric manufacturing)

- Topline grew 114% y-o-y at INR 4491 mn. EBITDA margin at 22.2%, Topline growth driven by yarn phase I ramping up. However, domestically GST kept the fabric, as well as yarn business at a low ebb. Also INR firming up saw yarn export realisation impacting margins.
- Finance costs increased 20% with increase in working capital on Yarn phase I ramp up.
- Net Profit after Tax at INR 279 mn as compared to Net loss of (-23) mn.

Consolidated Financials (includes trading)

- Trading revenue for the quarter under review at INR 2477 mn.

Q1FY18 Key Business Highlights

❑ **Utilisation**

Utilisation remained high over 80% during the quarter, coupled with introduction of superfine count should help improve realisation.

❑ **Lean working capital**

SIL maintains 3 months inventory for cotton and similarly yarn inventory less than 15 days, this ensured lower blockage of working capital.

❑ **INR appreciation**

INR appreciation over 6% in the last 6 months. Leaning over on imported cotton helped balancing the spread.

❑ **Diversified market**

Exports continued to be 2/3rd of topline with over 18 countries. Domestic market witnessed resistance with GST, a higher dependence on exports entailed smooth operations. Besides, alignment with large organised players domestically, helped maintain a smooth transition, despite GST disruption.

❑ **Shipping freights/ Logistics costs**

Exports contributes 65% of sales. Shipping Freights have eased off in the recent months after a steep rise in Feb/ March, will bring down costs. Similarly, logistics cost locally too are expected to come off, as volumes increasing with Phase II commissioning shortly, will help SIL negotiate lower on domestic freight rates. This will reduce logistics costs by 5-10% in coming quarters.

❑ **No Touch yarn**

SIL's 'No touch' automated process ensures higher productivity, reduce imperfections and high quality yarn whilst contamination less production. Giving a strong leeway over domestic competition.

Commenting on the Q1FY18 performance, Amit Patel, Group Managing Director, said *“We will be shortly commencing production at Phase II of compact cotton and blended yarn. With this commissioning in Q2, we will emerge a leader in domestic market with a seamless capacity at a single location in India at over 6,00,000 spindles. Our operating scale gives us immense benefit from sourcing cotton around the world, on an ultra modern capacity, at a scale incomparable domestically”*

“Phase I at Pipavav is running at over 80% utilisation, the quarter was challenging with disruption domestically on implementation of GST, also exports realisation was impacted with INR strengthening. Though demand for our yarn continues to be strong. Considering the challenges of a strong INR and firm domestic cotton prices domestically vis-à-vis overseas, our strategy to import cotton from global markets helped maintain our spread.”

“Aligning with global supply chain of high-end fabric manufacturers is the key strategy, being a domestic leader we are on the global radar of discerning customers looking to outsource quality yarn from India.”

FY17 Snapshot

Consolidated	FY17 (INR mn)
Total Income	20,185
EBITDA	3,671
<i>EBITDA Margin (%)</i>	<i>18.18%</i>
Profit After Tax	1,342
<i>PAT Margin (%)</i>	<i>6.65%</i>
Equity	554.5
EPS (Rs.)	2.76

Debt to
Equity
1.06

Net Debt
to Equity
0.87

Interest
Coverage
Ratio
3.38

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For further details, please feel free to contact our Investor Relations Representatives:



Mr. Rajiv Naidu
Sintex Industries Limited
Tel: +91-22-28270810
Email: rajiv.naidu@sintex.co.in



Mr. Anuj Sonpal
Valorem Advisors
Tel: +91-22-3006-7521 / 22 / 23 / 24
Email: sintex@valoremadvisors.com

