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Sintex Industries Ltd. - Q1FY09 Result update**(CMP 291, FY08A EPS Rs 19.54, P/E FY08A 14.89, BUY)**

Sintex industries have reported 111.6% and 71.4% growth in total income and net profits respectively on account of 209% increase in other income. However its EBITDA margin has declined by 600 basis point on YOY basis.

Consolidated Result (Rs.Mn)	Q1FY09	Q1FY08	% chg
Net Sales	7148.09	3434.83	108.1
Other Income	380.44	123.09	209.1
Total Income	7528.53	3557.92	111.6
Consumption of Raw Materials	3782.89	2293.7	64.9
Employees Cost	952.80	182.64	421.7
Other Expenditure	1627.45	377.30	331.3
Total Expenditure	6363.16	2853.67	123.0
PBDIT (excluding other income)	784.92	581.16	35.1
Gross profit	1165.37	704.25	65.5
Interest	175.17	125.18	39.9
PBDT	990.19	579.06	71.0
Depreciation	303.76	131.52	131.0
PBT	686.42	447.54	53.4
Tax Expense	119.08	109.97	8.3
PAT	567.34	337.57	68.1
Minority interest	-2.57	-7.979	-67.8
Net profit	564.771	329.59	71.4
Diluted EPS (Rs)	4.17	2.92	42.8

Top line grew due to acquisitions

The company has reported 108% growth in its net sales on account of acquisition of Bright Auto plast, Nief Plastics, and Wausaukee. The contribution from plastic division to total revenue has increased to 86% compared to 77% in Q1FY08. The plastic division grew by 137 % on account of 36% and 515 % growth in building material and custom molding business. The contribution from textile division to total revenue has declined from 21 % to 11%. This division has seen slower growth of 10% compared to plastic division.

EBITDA margin declined

There is ambiguity on calculation of EBITDA margin as management accounts other income as a part of operational income. However we have calculated EBITDA margin excluding the other income. The EBITDA margin (excluding other income) has declined from 17% to 11 % due to inclusion of some of the expenses related (with monolithic project work) which have not been reflected in sales and increase in employee cost .The employee cost as a % of sales increased from 5% to 13% on account of increase in head counts and salary structures.

Net profit grew – however net profit margin declined

The profit after tax grew by 71% on account of 209 % growth in other income compared to corresponding period of previous year. The company considers installation of BTS

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shelter and other services as a part of other income. Despite this the pat margin has reduced by 180 basis point to 7.5% on account of higher depreciation charges. The company has reported diluted EPS of Rs 4.17 compared to Rs 2.92 in Q1FY08.

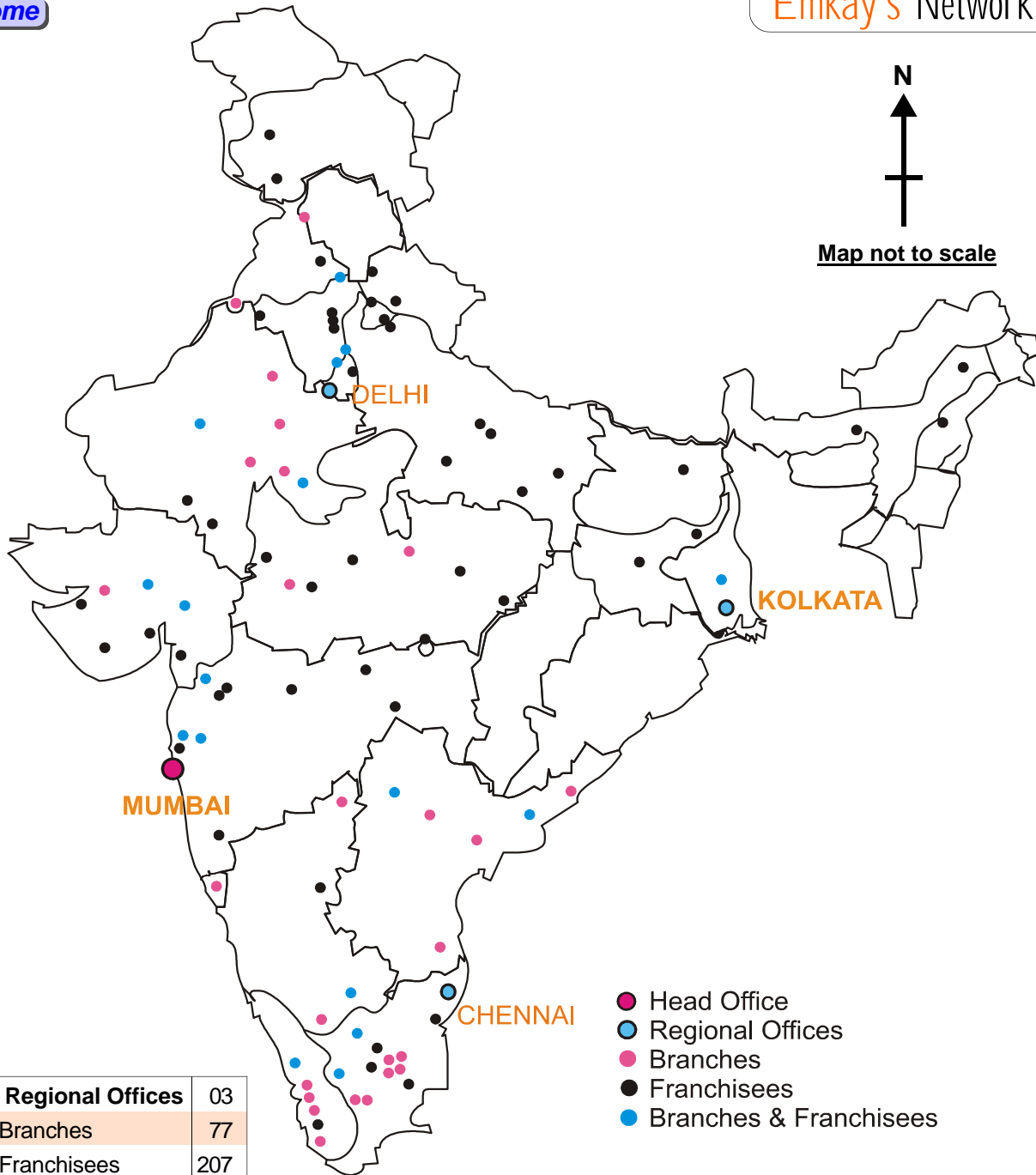
Outlook

The company has witnessed pressure on margins in Q1FY09, however targets 60-65% growth in its top line for FY09 with 18-19% EBITDA margin. It is sitting on the cash of around Rs 1700 cr to 1800 Cr. The Company is looking for an inorganic growth and expanding its business via acquisitions. It is expected to complete a big acquisition by December 08. It has also lined up capex of USD 45 mn for the prefab business and USD 180 mn for monolithic business over FY09-10. On looking long term growth plan of the company we maintain our positive view on the company. However we may revise our previous earning estimates and target price after getting more clarity over the calculation of EBITDA margin and the acquisition plan of the company.

Previously we had recommended buy on the stock when it was trading at Rs 445 with target of Rs 860. We maintain our Buy rating on the stock and target price under revision.

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Total Branches	77
Total Franchisees	207

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