

Indian Market		% Change	
	Last Close	1 day	YTD
Sensex	31,663	0.0	18.9
Nifty	9,930	0.1	21.3
Nifty Bank	24,305	0.1	33.7
Nifty Midcap 50	4,818	0.4	31.6
Nifty Small Cap 50	4,379	0.6	42.8

Developed Markets		% Change	
	Last Close	1 day	YTD
Dow Jones	21,785	(0.1)	25.0
Nasdaq	6,398	0.1	27.8
S&P 500	2,465	(0.0)	20.5
Hang Seng	27,523	(0.3)	25.6
Nikkei	19,397	0.2	1.9

Institutional Activity		(₹cr)
	Cash	YTD
FII	(226)	57,569
DII	719	116,727
FII (Prov)	(564)	3,611
DII (Prov)	245	43,690

Advance/Dcline stocks No. (NSE)		
	7-Sep-17	6-Sep-17
Adv	946	852
Dec	746	832
Unch	69	73

Trading Strategy

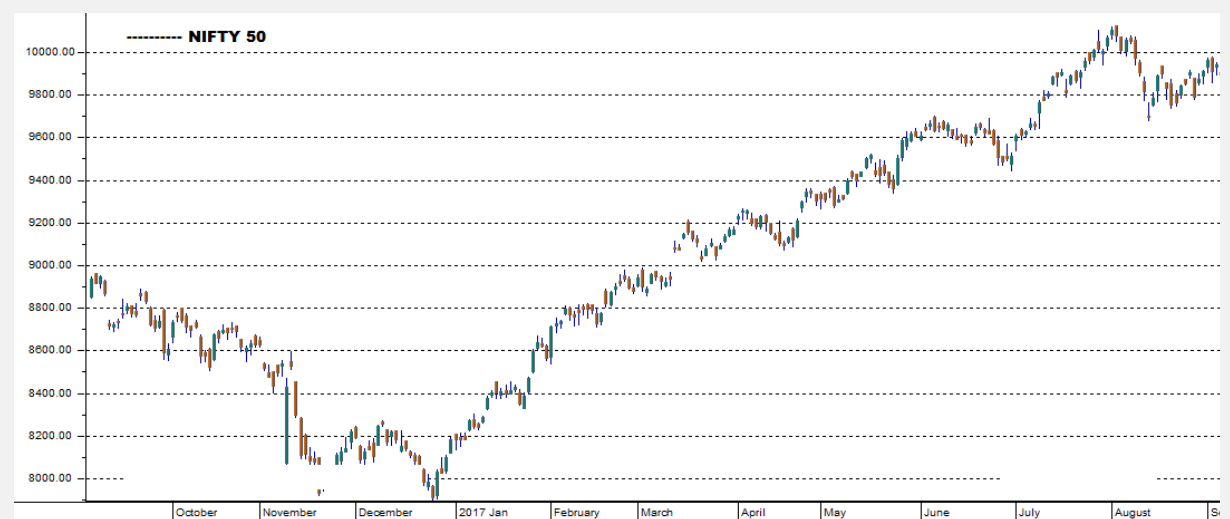
Bajaj Finserv (Buy between 5615-5630 with Stop Loss at 5543 for Target of 5760): After being stuck in a consolidation phase for over eight trading sessions, the stock has finally broken out from an ***inverse head and shoulder pattern*** on the hourly chart. Volumes have also accompanied the price breakout. Furthermore, other oscillators also indicate that there is more room on the upside in the near term.

Derivative Strategy (Time period: Till expiry)

Buy Manappuram Finance September Future @ 106-107, Stop Loss 104.25 and Target 108.5-109.

Nifty Outlook

Nifty finds strong support around 9,880 while 9,965-9,985 will act as resistance on the upside. Bank Nifty finds support around 24,200 while 24,500 will act as resistance on the upside.



Asian indices opened flat as strength in the Japanese 'Yen' dragged exporters lower on the 'Nikkei'. ECB continues to support quantitative bond buying which sees Euro hit fresh 20 month high against the US Dollar. Oil prices spike on expectation of disruption due to hurricane 'Irma'.

Index	Spot	Future	% FutChg	Basis	% Current OI v/s Total OI	OI in Shares	OI Chg	PCR OI	PCR VOL	ATM IV	Max CE Buildup	Max PE Buildup	% Rollovers
Nifty	9930	9955	0.2	25	60.6	198.1	0.8	1.35	1.29	11.3	10000	9700	3.3
BankNifty	24305	24354	0.2	49	65.7	19.5	5.9	1.17	1.03	12.5	24500	24000	3.2

OI Gainers

Underline	OI (lakhs)	% OI Chg	Price	% Price Chg	Action
CADILAHC	30	31.0	514	3.4	Long Buildup
EQUITAS	129	18.3	174	(3.6)	Short Buildup
NATIONALUM	139	17.0	83	12.2	Long Buildup

OI Losers

Underline	OI (lakhs)	% OI Chg	Price	% Price Chg	Action
JUSTDIAL	50	(10.6)	389	(2.3)	Long Unwinding
GODREJCP	19	(7.8)	926	2.2	Short Covering
RAMCOCEM	7	(7.7)	731	1.2	Short Covering

Nifty Active Strikes

Strikes	Price	% Price Change	OI	% OI Change	% OI Change since Expiry
9900CE	141	4.9	25	7.4	42.9
10000CE	85	5.4	47	8.9	64.8
10100CE	44	4.0	33.5	2.6	66.0
10200CE	21	4.0	31.6	6.1	57.8
9700PE	42	(14.5)	50	7.6	32.5

Since Expiry

Underline	OI	% OI Chg	% Price Chg	% Rollover
NIFTY	198.1	15.1	(1.1)	3.3
BANKNIFTY	19.5	(23.7)	(2.6)	3.2
INFIBEAM	462.8	3508.9	(89.1)	0.4
RELIANCE	400.9	245.0	(48.9)	1.9
REPCOHOME	8.7	202.7	(12.0)	0.1
BERGEPAINT	24.0	125.5	3.6	0.2

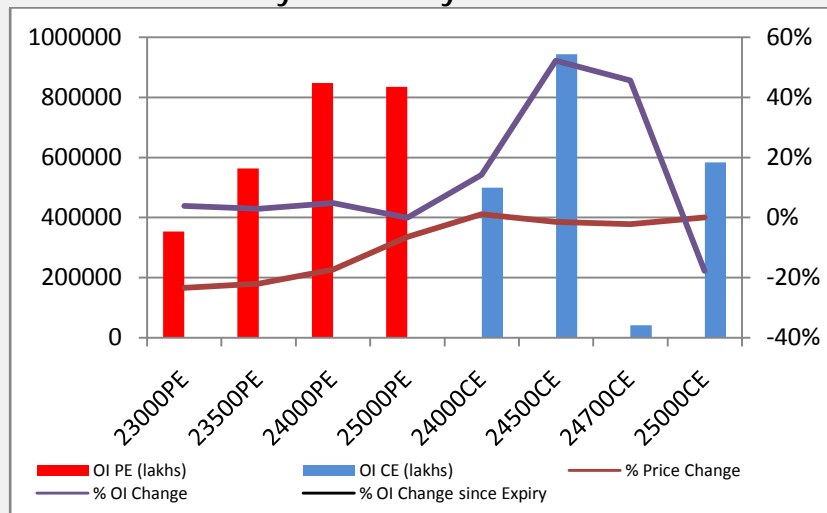
Derivative Snippets

- ✧ In the last trading session, markets continued its sideways consolidation and ended the day on a flat note.
- ✧ On the Options front, fresh Put writing was witnessed in 9800 and 9900 strikes with a surge in open interest to the tune of ~5.5 lakh and ~8 lakh respectively. While Call writing was witnessed in 10000 strike which added ~4 lakh shares. Nifty 10000CE and 9700PE are the maximum open interest strikes.
- ✧ FIIs were net sellers in cash market segment to the tune of ₹ 564 crore.

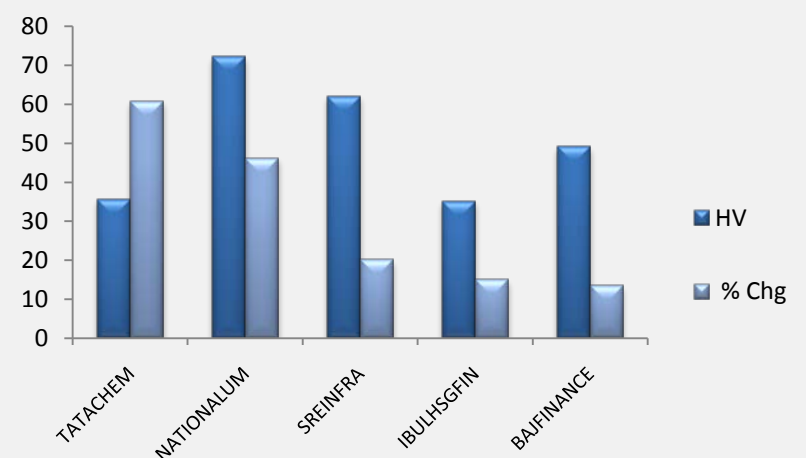
FII Long-Short Activity

Index	OI	% Chg	% Chg Since Exp	Long-Short Ratio	Long-Short Ratio since Exp
Fut Long	126	1	(44)	1.7	0.4
Fut Short	74	5	58		
Opt CE Long	242	0	11	1.6	1.2
Opt CE Short	152	(0)	(10)		
Opt PE Long	376	3	61	3.0	0.9
Opt PE Short	124	5	87		

Monthly Bank Nifty Active Strikes



Historical Volatility of Active Stocks



Cash and carry arbitrage

Underline	Spot Price	Futures Price	Basis	Basis (%)	Action
SOUTHBANK	29.00	29.20	0.20	0.7	Buy cash and Sell future
NCC	85.50	86.05	0.55	0.6	Buy cash and Sell future
SAIL	62.70	63.10	0.40	0.6	Buy cash and Sell future

PCR Open Interest

Underline	Current	Previous	% Change
MINDTREE	0.46	0.17	1.68
EICHERMOT	1.02	0.42	1.40
KAJARIACER	0.69	0.31	1.25
KPIT	5.77	2.73	1.11
MARICO	1.39	0.87	0.59
IBULHSGFIN	1.06	0.67	0.59
HDFCBANK	0.76	0.48	0.58
REPCOHOME	0.27	0.18	0.51
VGUARD	0.40	0.80	(0.50)
CADILAHK	0.17	0.30	(0.45)

Reverse cash and carry arbitrage

Underline	Spot Price	Futures Price	Basis	Basis (%)	Action
NIITTECH	505.55	495.15	(10.40)	(2.1)	Sell cash and Buy future
PTC	117.95	115.70	(2.25)	(1.9)	Sell cash and Buy future
RELINFRA	515.50	507.45	(8.05)	(1.6)	Sell cash and Buy future

PCR Volume

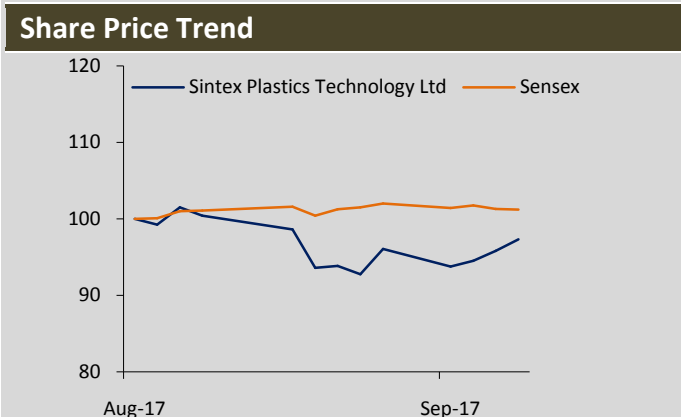
Underline	Current	Previous	% Change
MINDTREE	1.11	0.08	13.07
JSWENERGY	1.76	0.16	9.80
CANFINHOME	1.08	0.19	4.74
SRF	0.24	0.05	3.76
CHOLAFIN	0.17	0.04	3.33
INDIANB	0.20	0.05	3.24
IGL	0.29	0.07	3.14
KSCL	0.75	0.19	2.92
MARICO	1.74	0.51	2.42
TORNTPOWER	0.64	0.20	2.19

Sector	Plastic Products
Recommendation	Upside
BUY	36.6%

Stock Data	
Sensex	31,663
52 Week h/l (₹):	137 / 101
Market cap (₹ Cr) :	5,810
BSE code:	540653
NSE code:	SPTL
FV (Rs):	1
Div yield (%):	--

Shareholding Pattern			
	Sep-16	Dec-16	Aug-17
Promoters	--	--	30.6
DII+FII	--	--	26.6
Individuals	--	--	42.8

Source: Source: www.bseindia.com



Prices as on 24/07/2017

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September 08, 2017

Reshuffle to result in value unlocking

Sintex Plastic Technology (SPTL) was established by transferring the Plastic (Custom Molding) business and the Prefab & Infra business of Sintex Industries to Sintex BAPL and Sintex Prefab & Infra respectively that are 100% subsidiaries of SPTL (see exhibit 1 for revenues). We believe that this move will unlock value for the Plastics business as it will be re-rated on account of better operational metrics. The Prefab business stands to benefit from increasing corporate and government spends on social initiatives and is ready to capitalize on the opportunity owing to its pan India manufacturing (cost benefits) and distribution presence. Custom Molding business caters to major global OEMs across geographies (in diversified user industries), which will enable it to gain from increasing application of composite plastics.

Composite substitution in Auto/Aerospace/Elec. components to aid revenue growth

87% of STPL's FY17 Custom Molding business revenue comes from industrial verticals, which is purely composites (generally fibers + polymers). SPTL caters to Indian/global auto OEMs that contribute ~33% to Industrial Customs Molding revenue in FY17. Composite plastics are increasingly replacing metal parts in auto components as it helps in vehicle weight reduction and improve fuel efficiency. Going forward, substitution is expected to continue and will benefit SPTL as it has forged long term relations with domestic and foreign OEMs. Even other segments like Aerospace/Mass Transit (Metro) are rapidly replacing metal components like aluminum with composite plastic. This bodes well from demand perspective as it can leverage on its technological capabilities and global manufacturing footprint that most Indian peers lack. Domestic business forming ~40% of Industrial Custom Molding revenues in FY17 is a high growth vertical (15% growth) and has EBITDAM profile of ~20%.

Steady deleveraging to lower interest outgo

SPTL is expected to post strong FCF growth on account of 1) lower focus on w/c intensive monolithic business, 2) asset light route (outsourcing) for retail custom molding business and 3) cost benefits arising out of shifting of production of low value-add work to low cost manufacturing sites. As a result, we expect steady reduction in debt leading to SPTL's interest expense declining from ₹ 263 cr to ₹ 238cr over FY17-19E.

Outlook & Valuation

We believe that increasing substitution of metal with composite plastics will drive overall revenue CAGR of 8.7% over FY17-19E. Movement of lower value-add work to low cost manufacturing sites and better discipline in the prefab business will hold EBITDA margins at current levels. We expect lower interest burden to lead to PAT CAGR of 11.7% over FY17-19E. We are factoring FCCB conversion (in Sintex – entitled shares of SPTL) in FY18 and consequently EPS growth will be lowered to ~7%. We value SPTL at 17.0x FY19 EPS of ₹ 8.7 to arrive at a price target of ₹147.

Financial Summary

Consolidated ₹ cr	FY17	FY18E	FY19E
Revenue	5,995	6,457	7,083
YoY growth	--	7.7	9.7
EBITDA Margin	16.9	16.9	17.1
PAT	420	445	523
YoY Growth	--	6.1	17.6
EPS (₹)	6.9	7.4	8.7
P/E (x)	15.5	14.6	12.4
ROE	13.5	13.4	13.9

Source: Company, IIFL Research

Company Background

Established in 1931, Sintex (SPTL) is a globally respected conglomerate with interests across building materials and custom mouldings.

- ✧ Sintex Industries successfully spun off its plastic division earlier this year under the name of Sintex Plastic Technology Limited (SPTL).
- ✧ SPTL has a diversified presence across products, end markets and geographies with 36 manufacturing facilities spread across India, Europe, North Africa and USA.
- ✧ SPTL has a rich and diversified client base with none of the customers accounting for more than 5% of the total revenue.
- ✧ SPTL and its subsidiaries conducts its activities mainly in two segments:
 - Custom Mouldings (Composite Plastics and retail products)
 - Prefabricated units & Infrastructure

Exhibit 1: STPL revenue breaks up FY17

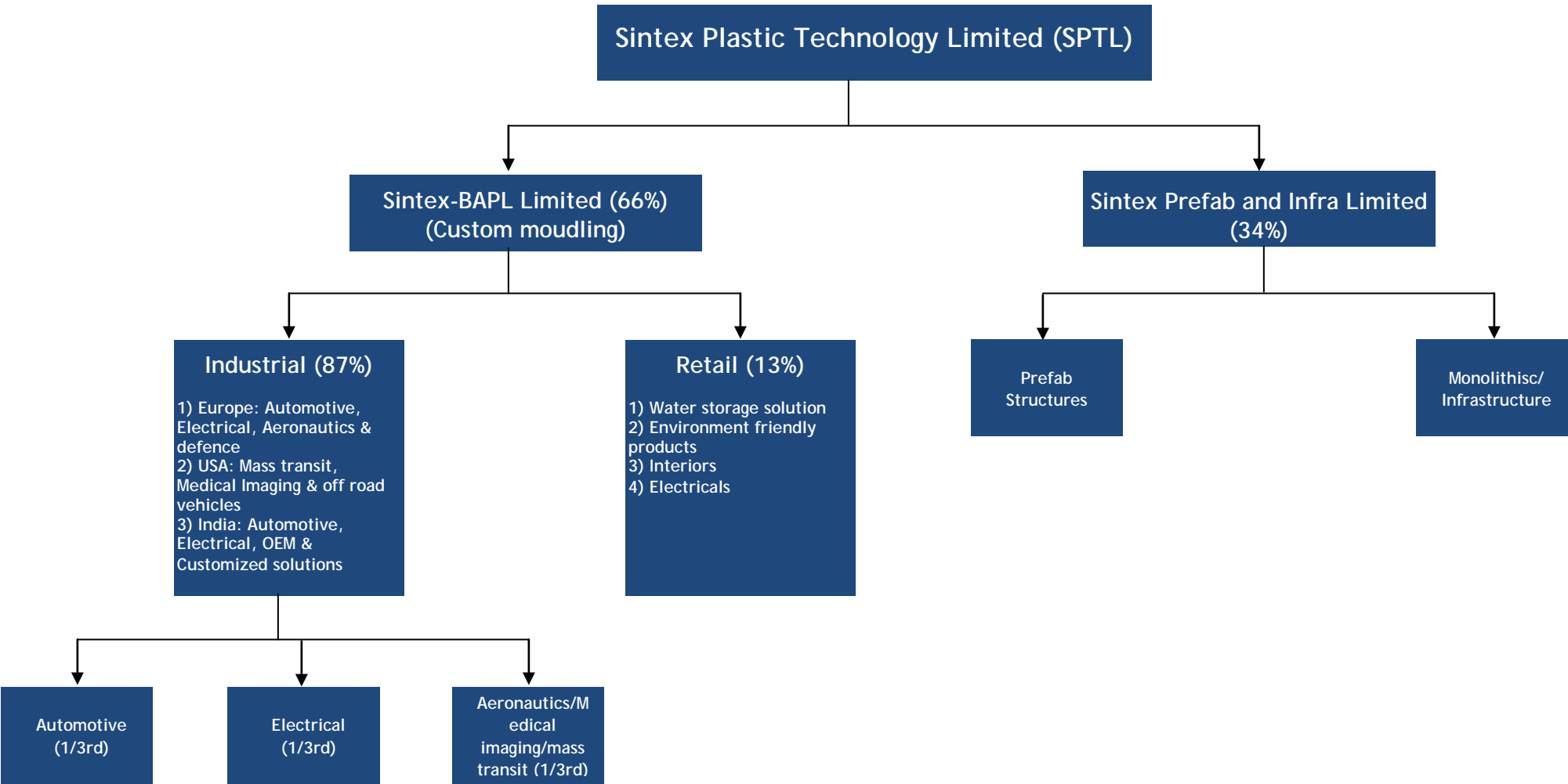


Exhibit 2: Peer Comparison

	MCap (Cr\$)	Revenue			EBITDA Margin (%)			P/E			ROE		
	FY17	FY17	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY18E	FY19E
Sintex Plastics	5,985	5,995	6,457	7,083	16.9	16.9	17.1	15.5	14.6	12.4	13.5	13.4	13.9
Nilkamal *	2,274	1,956	2,228	2,500	11.2	11.8	11.6	19.4	17.5	14.9	18.5	16.7	16.7
Supreme	14,921	4,462	5,079	5,930	16.4	16.2	16.5	35.4	32.8	26.8	25.0	25.2	26.5
Time Technoplast	4,141	2,755	3,185	3,574	14.7	14.6	14.6	26.8	23.5	20.2	11.9	12.5	13.0

Source: Company, IIFL Research, Bloomberg; note - * Standalone

Exhibit 3: Traction in end-user segments to drive revenue growth for STPL

Geography	End User	Growth Expectations
Asia Pacific	Automotive	The application of composite in automotive is expected to post CAGR of 9.9% through 2016-21
Europe	Automotive	Automotive composite market is expected to record CAGR of 7.86% through 2016-21
Asia Pacific	Aeronautics	Expect the market to grow to \$6.16 billion by 2020 (CAGR of 9.7%)
EMEA#	Aeronautics	Market to grow from \$3.5 bn to \$4.6 bn over 2015-20 (5.7% CAGR); Europe has 75% of market share
USA	Aeronautics	Market to grow from \$3.41 bn to \$4.2 bn over 2015-20, at a CAGR of 4.3%
GLOBAL	Electrical	Global tooling composites market in electrical and electronics segment to post CAGR of 8.2% over 2015-20.
GLOBAL	Defense	The application of composite in defense is expected to grow at a CAGR of 5-6%through 2016-2021.

Source: Technavio Industry Research; Note - # Europe, Middle East and Africa

Company	CMP (Rs)	Support*	Resistance*	50-DMA	50-DMA
ACC	1787	1775	1806	1737	1534
ADANIPORTS	388	385	391	386	332
AMBUJACEM	281	279	284	267	239
ASIANPAINT	1199	1189	1214	1146	1058
AUROPHARMA	742	725	758	719	675
AXISBANK	497	494	499	509	494
BAJAJ-AUTO	2965	2919	2995	2814	2798
BANKBARODA	140	138	141	154	165
BPCL	524	518	535	482	458
BHARTIARTL	397	392	405	411	360
INFRATEL	370	368	373	395	359
BOSCHLTD	22106	21754	22303	23337	22453
CIPLA	554	550	560	560	567
COALINDIA	253	250	258	248	282
DRREDDY	2225	2206	2240	2380	2720
EICHERMOT	32862	32332	33360	29855	26036
GAIL	382	379	385	375	369
HCLTECH	859	852	865	869	844
HDFCBANK	1767	1759	1776	1733	1479
HEROMOTOCO	3983	3953	4013	3829	3434
HINDALCO	250	247	252	220	194
HINDUNILVR	1209	1201	1219	1160	973
HDFC	1782	1759	1797	1703	1489
ITC	270	267	275	296	275
ICICIBANK	293	290	297	297	266
IBULHSGFIN	1316	1293	1330	1166	958
IOC	432	427	436	401	383
INDUSINDBK	1704	1689	1717	1604	1385
INFY	896	892	900	955	969
KOTAKBANK	994	986	1003	982	871
LT	1129	1121	1134	1152	1064
LUPIN	979	972	983	1040	1304
M&M	1340	1325	1349	1376	1306
MARUTI	7919	7869	7959	7583	6466
NTPC	170	168	171	167	164
ONGC	162	162	163	162	182
POWERGRID	216	214	217	217	202
RELIANCE	818	811	829	1537	1289
SBIN	274	273	276	287	277
SUNPHARMA	480	475	485	523	612
TCS	2460	2451	2469	2461	2397
TATAMTRDVR	212	209	215	249	281
TATAMOTORS	378	375	383	420	458
TATAPOWER	77	77	78	81	81
TATASTEEL	653	650	656	589	492
TECHM	426	423	430	403	442
ULTRACEMCO	4116	4085	4164	4061	3878
VEDL	327	321	330	282	252
WIPRO	299	298	300	281	254
YESBANK	1800	1789	1815	1670	1469
ZEEL	521	519	524	521	504

Support/Resistance levels*			
Close		Support	Resistance
Nifty	9930	9910	9957
Sensex	31663	31584	31778
Nifty Bank	24305	24230	24396

Bulk deals					
Date	Scrip name	Institution	B/S	Qty ('000)	Avg price (')
7-Sep	Religare Enterprises	YES Bank	S	1045	38.44
7-Sep	Mukta Arts Ltd	Dharaben M Ghuria	S	118	105.04

Insider Trades				
Date	Company	Name	B/S	Qty ('000)
7-Sep	A2Z Infra Engineering Ltd.	ICICI Bank Ltd	S	2973

Corporate Snippets:

- ✧ **Bharat Financial** assigns Rs 519 crore of receivables to a bank as per RBI guidelines.
- ✧ **TCS** partners with GE to integrate intelligence into services data lake platform.
- ✧ **Punj Lloyd** gets Rs 870 crore order for canal work in Maharashtra.
- ✧ **Biocon's** insulin facility in Malaysia receives EU GMP compliance certificate.
- ✧ **Gammon India** sells stake in Gammon Infrastructure Projects (GIPL) in various tranches in the open market. GIPL ceases to be subsidiary of company, post the sale.
- ✧ **CCL Products** FII/FPI limit raised to 40 percent from 24 percent.
- ✧ **GTPL Hathway** FII limit hiked to 49 percent from 24 percent.
- ✧ **Bombay Dyeing** sold 48.457 acres land in Pune for Rs 13.57 crore.
- ✧ **Bank of India** cuts marginal cost of lending rates to 8.3 percent.
- ✧ **Jet Airways** will now focus on providing direct connectivity between tier-II cities as it aims to penetrate deeper into such markets.
- ✧ After taking **Royal Enfield** and its cult Bullet motorbikes to top gear of machismo appeal and global profitability, Siddhartha Lal led Eicher Motors is revving up to make a binding offer to acquire the iconic Italian superbikes Ducati for \$1.8 billion-\$2 billion.
- ✧ Over 4,000 temporary workers started an agitation at **Tata Motors** Jamshedpur plant against alleged non-payment of revised wages.
- ✧ **HUL's** new unit in Assam starts commercial production.
- ✧ **Nestle** said it is consolidating its product portfolio to focus on high-performing brands.
- ✧ **Essar Oil** to invest \$250 mn to expand refining capacity in UK.
- ✧ **Petronet LNG** to build LNG import terminal in Sri Lanka.
- ✧ **Infosys** said it has set up an office in Amsterdam to offer solutions to Dutch customers.
- ✧ **HCL** partners with Alpha Insight, acquires some assets

Economy Snippets:

- ✧ The country's sugar production is estimated to rise 24 per cent to 25.1 million tonnes in the next marketing year starting October on higher sugarcane area, according to Indian Sugar Mills Association.
- ✧ Finance Minister Arun Jaitley is “seriously” considering the demand of automobile manufacturers who have raised concerns over rise in cess on luxury vehicles, Union Heavy Industries Minister Anant Geete said.

Event Calendar

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1-Sep	2-Sep
					Nikkei Markit Manufacturing PMI (Aug), FX Reserves, Deposit Growth, Bank Loan Growth INR, Markit Manufacturing PMI (Aug) RBU, Commodity Prices (YoY) RUB, Italian Manufacturing PMI (Aug) EUR, French Manufacturing PMI (Aug) EUR, Manufacturing PMI (Aug) GBP, U6 Unemployment Rate (Aug), ISM Manufacturing Prices (Aug) USD.	
3-Sep	4-Sep	5-Sep	6-Sep	7-Sep	8-Sep	9-Sep
	Caixin Services PMI (Aug) CNY, BRC Retail Sales Monitor (YoY) (Aug) GBP.	Nikkei Services PMI (Aug) INR, Markit Services PMI (Aug) RUB, Italian Services PMI (Aug) EUR.	Markit Composite PMI (Aug), Services PMI (Aug) USD, Foreign Reserves (USD) (Aug) JYP.	ECB Interest Rate Decision (Sep) EUR, Current Account n.s.a. (Jul) JYP, Trade Balance (USD) (Aug) CNY.	Inflation Expectations GBP, CPI (YoY) (Aug) CNY.	
10-Sep	11-Sep	12-Sep	13-Sep	14-Sep	15-Sep	16-Sep
	Italian Industrial Production (MoM) (Jul), Italian Industrial Production (YoY) (Jul) EUR, NAB Business Confidence (Aug) AUD.	Manufacturing Output (MoM) (Jul), CPI (YoY) (Aug) INR, BSI Large Manufacturing Conditions (Q3) JYP.	Core PPI (YoY) (Aug) AUD, Fixed Asset Investment (YoY) (Aug), Retail Sales (YoY) (Aug) CNY.	IIP (MoM) (Jul) JYP, WPI Inflation (YoY) (Aug) INR, Core Retail Sales (MoM) (Aug), BoE MPC vote unchanged (Sep) GBP.	Labor Cost Index (YoY) (Q2), Trade Balance (Jul) EUR.	House Price Index (QoQ) (Q2) AUD.
17-Sep	18-Sep	19-Sep	20-Sep	21-Sep	22-Sep	23-Sep
	Foreign Securities Purchases (Jul) CAD, House Price Index (QoQ) (Q2) AUD, Core CPI (YoY) (Aug) EUR	Trade Balance (Aug) JYP, Current Account (YoY) (Q2) NZD.	Fed Interest Rate Decision.	Trade Balance (Aug) CHF, Public Sector Net Cash Requirement (Aug), Public Sector Net Borrowing (Aug) GBP.		
24-Sep	25-Sep	26-Sep	27-Sep	28-Sep	29-Sep	30-Sep

Recommendation Parameters for Fundamental/Technical Reports:

Buy – Absolute return of over +10%

Accumulate – Absolute return between 0% to +10%

Reduce – Absolute return between 0% to -10%

Sell – Absolute return below -10%

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