

# Rating Update: Sintex-BAPL Limited

June 14, 2019

## Sintex-BAPL Limited

Brickwork Ratings downgraded the long term rating of Sintex-BAPL from BWR A/Stable to BWR C and the short term rating from BWR A1 to BWR A4 on Friday, June 14, 2019.

The downgrade in ratings is on account of non-receipt of No Dues Statement for the month of May 2019 from the company, deterioration in standalone operating performance in FY19 leading to high gearing, substantial deterioration in debt protection metrics and non-compliance of financial covenants of the zero coupon bonds (ZCBs) as specified in Debenture Trust Deed.

Our exposures have been marked down as per valuations provided by the valuation agencies after considering an overall 55% hair cut on the maturity value.

On May 13, 2019, a mark down considering a 20% hair cut on the maturity value was already initiated based on downgrade of the long term rating of Sintex-BAPL from CARE BBB+/Stable to CARE BB+/Stable.

### Exposure by Schemes of DSP Mutual Fund in ZCBs issued by Sintex-BAPL Limited

The impact on the schemes of the Fund taken on June 14, 2019 is mentioned below:

Scheme Name	Maturity Date	Face Value (Rs. Crore)	% of AUM*	Valuation Impact <sup>§</sup>
DSP Credit Risk Fund	31/12/2020	33.33	0.82%	-0.36%
	31/12/2021	33.33	0.81%	-0.35%
	31/12/2022	33.33	0.79%	-0.35%
<b>Total Exposure</b>		<b>100.00</b>	<b>2.42%</b>	<b>-1.06%</b>

\*As on June 13, 2019

§Post markdown as per Independent Valuation Agencies as on June 14, 2019

## About the company

Sintex-BAPL Limited is a wholly owned subsidiary of Sintex Plastics Technology Limited which houses the plastic processing and custom moulding business of the group. There retail business accounts for two-thirds of the revenue and produces plastic moulded products like liquid storage tank, doors, window frames, plastics sections, etc. The auto business, which accounts for the balance, provides custom moulded products used for interior, exterior parts of automobiles, fuel systems, etc to a large number of leading OEMs.

It has a dominant position in the domestic plastic storage tank business. The entity also owns the "Sintex" brand name, which has a strong recall in the market. The company reported revenues of ~Rs. 1,684 crore during FY19, a -10% de-growth over FY18 revenues of Rs. 1,860 crore and generated EBITDA of Rs. 272 crore during FY19 as against Rs. 310 crore. The management is under process of monetising its non-core businesses to deleverage the balance sheet.

Our investments are in secured zero coupon bonds maturing Dec 31, 2020, Dec 31, 2021 and Dec 31, 2022. These bonds are secured by mortgage over land and charge over plant and machinery of the company.

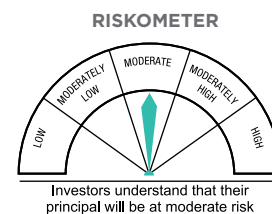
**Product Labeling**

**DSP CREDIT RISK FUND**

An open ended debt scheme predominantly investing in AA and below rated corporate bonds (excluding AA+ rated corporate bonds).

This Scheme is suitable for investor who are seeking\*

- Income over a medium-term to long term investment horizon
- Investment predominantly in corporate bonds which are AA and below rated instruments



\*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.

**Disclaimers:** In this material DSP Investment Managers Pvt. Ltd. (the AMC) has used information that is publicly available, including information developed in-house. Information gathered and used in this material is believed to be from reliable sources. The AMC however does not warrant the accuracy, reasonableness and / or completeness of any information. The data/statistics are given to explain general market trends in the securities market, it should not be construed as any research report/research recommendation. We have included statements / opinions / recommendations in this document, which contain words, or phrases such as “will”, “expect”, “should”, “believe” and similar expressions or variations of such expressions that are “forward looking statements”. Actual results may differ materially from those suggested by the forward looking statements due to risk or uncertainties associated with our expectations with respect to, but not limited to, exposure to market risks, general economic and political conditions in India and other countries globally, which have an impact on our services and / or investments, the monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices etc.

**Mutual Fund investments are subject to market risks, read all scheme related documents carefully.**