

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs1618	32.8	Accumulate	Rs1900	17%

*as on 28th Feb, 2023

About the Company:

Vesuvius India Ltd. (VIL), incorporated in 1991, is a subsidiary of Vesuvius Group Ltd., UK, which holds a 55.6% stake in the company. It provides refractory products and services for the construction and maintenance of industrial equipment and processes. It is mainly engaged in manufacturing refractories primarily for the steel-manufacturing units using the continuous casting process. The company caters to different industries such as iron and steel plant, CFBC and other boilers, aluminium calciner, aluminium melting and holding furnaces, DRI plants and iron pellet plants.

Results: Quick Glance:

- The net sales for the quarter came in at Rs3,484mn as compared to Rs2,589mn in the same quarter last year, growth of 34.5%
- The Ebitda margins came in at 11.3% as compared to 7.8% in the same quarter last year
- The net profit came in at Rs276mn as against Rs131mn in the comparative quarter
- The EPS for the quarter under review stood at Rs13.6 as compared to Rs6.4 in the corresponding period of last year
- The company has recommended dividend of Rs8.25 per equity share of Rs10 each for the financial year ended 31st December, 2022

Financials:

Performance (Q4&CY22)									
Q4&CY22 Result (Rs mn)	Dec-22	Dec-21	y-o-y	Sept-22	q-o-q	CY22	CY21	y-o-y	CY23E
Total Revenue	3484	2589	34.5%	3528	(1.3%)	13426	10472	28.2%	16440
EBITDA	395	202	96.0%	500	(20.9%)	1639	992	65.1%	2055
Other Income	66	52	27.5%	61	7.9%	229	197	16.3%	249
Interest	0	0	-	0	-	0	0	-	0
Depreciation	88	76	15.8%	75	16.6%	299	273	9.2%	332
Exceptional Items	0	0	-	0	-	0	0	-	0
Tax	97	46	-	124	(22.2%)	401	235	70.4%	523
Net Profit	276	131	-	361	(23.4%)	1168	681	71.6%	1449

Outlook and Recommendations:

The full year numbers have beaten our estimates on all fronts, closing the year on a comeback note. For the quarter ended Dec 2022, the y-o-y performance has been decent but for the q-o-q which had margins lower leading to lower profits on comparison. There have been some cost pressures witnessed in the numbers. The revenue growth was led by the growth and better demand from the sectors of steel, cement and other processing industries which are major consumers of refractories. Focus on manufactured goods segment through localised manufacturing and new product launches would lead to higher domestic market share in the total revenues. In recent press releases, Vesuvius Group, intends to invest minimum Rs5,000mn, in the coming three to five years, subject to necessary approvals in its various manufacturing plants in the country through its subsidiaries including Vesuvius India Limited. It was also indicated that with so many new steel plants coming up in the country and existing ones expanding capacity; the demand for black refractories produced by Vesuvius is on a sharp rise and through the best technology and skilled human resources, the challenge in demand and supply of products in India is being dealt successfully. Overall, we expect decent earnings in the long term led by improvement in operational efficiency, continued product innovation, strong R&D capability and further revival in the steel industry capex, although keeping a cautious view with regard to the raw material and input costs. We maintain Accumulate on the stock for a revised target of Rs1900 (recently achieved earlier target of Rs1800).

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