

VST Industries Ltd.

CMP Rs. 423.95

Result Update
Q1FY10

Ruchak Mehta | ruchak@ppfas.com

VST Industries Ltd reported a decent set of numbers for the quarter ended June 2009.

On a Y-o-Y basis, Net Revenues for the company grew by 78.48%, from Rs 702.3 Mn in Q1FY09 to Rs 1253.5 Mn. While the cost of Raw Materials increased sharply, cost cutting in other areas helped keep down overall expenditure for the company to Rs 977.5 Mn, a jump of 53.5% over the same period, a year ago. Consequently, OPM improved by a huge 1269 basis points, taking the operating profits to Rs 276 Mn as against Rs 65.5 Mn for the same quarter, a year ago, a rise of more than 300%.

Effective Income Tax rate increased though, to 29.51% from 17.27%. Reported PAT more than doubled to Rs 241 Mn as against Rs 106.8 Mn for the same period, the year before while EPS stood to Rs 15.6 against Rs 6.9.

On the whole, while the y-o-y growth definitely comes across as impressive, this is partly due to base effect for the Jun 2008 quarter which had seen a de-growth of 9.4% in quarterly revenues y-o-y.

As compared to the previous quarter, Q4FY09, Net Revenues were up from Rs 949.7 Mn to Rs 1,253.5 Mn, an increase of 31.99%. With Total Expenditure rising by only 8.5%, from Rs 900.9 Mn to Rs 977.5 Mn, the company's bottomline registered a jump of 33.15%, from Rs 181 Mn in the previous quarter to Rs 241 Mn.

At a CMP of Rs 423.95, the company is trading at a PE(TTM) of 9.8. VST is a strong player in the eastern and north-eastern regions of India. While the uncertainties of monsoon in these regions do raise some fears in the near future, at current PE levels, the company continues to be in good stead over the longer horizon.

VST : Quarterly Financials

Earnings Statement					
YE March (Rs. Mn.)	Q110	Q409	Q-Q(%)	Q109	Y-Y(%)
Net Revenues	1,253.5	949.7	31.99%	702.3	78.48%
Cost of Materials	701.1	580.2	20.84%	309.0	126.89%
Gross Profit	552.4	369.5	49.50%	393.3	40.45%
Staff Costs	128.6	151.0	-14.83%	119.6	7.53%
Other Expenses	147.8	169.7	-12.91%	208.2	-29.01%
Total Expenditure	977.5	900.9	8.50%	636.8	53.50%
Operating Profit	276.0	48.8	465.57%	65.5	321.37%
OPM (%)	22.02%	5.14%	328.50%	9.33%	136.08%
Other Income	101.8	120.2	-15.31%	104.2	-2.30%
EBITDA	377.8	169.0	123.55%	169.7	122.63%
Depreciation	38.8	42.0	-7.62%	40.5	-4.20%
EBIT	339.0	127.0	166.93%	129.2	162.38%
Interest	(2.9)	(9.5)	-69.47%	0.1	-3000.00%
Exceptional Items	0.0	(126.1)		0.0	
PBT	341.9	262.6	30.20%	129.1	164.83%
Tax	100.9	81.6		22.3	
PAT	241.0	181.0	33.15%	106.8	125.66%
Equity Capital (FV Rs 10)	154.4	154.4		154.5	
EPS	15.6	11.7	33.15%	6.9	125.80%

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Disclosure of Interest Statement

1. Analyst Ownership of the scrip	VST
2. PPFAS ownership of the scrip	NO
3. PMS ownership of the scrip	YES
	YES

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Contact

Ridhim Thapar	Institutional Sales	ridhim@ppfas.com	91 22 2284 6555 Extn 312
Ruchak Mehta	Analyst - Investment Research	ruchak@ppfas.com	91 22 2284 6555 Extn 202

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Parag Parikh Financial Advisory Services Limited

130/132, Great Western Building, 1st Floor, S. B. Marg, Near Lion Gate, Fort, Mumbai - 400 001.

Tel : 91-22-2284 6555 Fax : 91-22-2284 6553, e-mail : researchcall@ppfas.com

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