

**Morganite Crucible India Limited**

COMPANY SNAPSHOT					
CMP	Initiation Price	Target	Potential Upside	Recommendation	MCap (Rsbn)
Rs1,398	Rs1,047	Rs2,300	65%	BUY	Rs3.9

**About the Company:**

Morganite Crucible (India) Limited caters to a very niche market i.e. crucibles and allied accessories for the ferrous and non-ferrous industries. The company is also involved in manufacture and sale of silicon carbide and clay graphite crucibles, die lubes, foundry products and other accessories. Silicon carbide and clay graphite crucibles are used as consumables in manufacture of non-ferrous alloys which have applications in a number of industries like auto, industrial machinery, sanitary, electrical equipment, railways etc. As far as applications in the tyre industry and its production are concerned, they are used for manufacturing zinc oxide (ZnO), while in industry of electrical equipment manufacturing; they are used for manufacturing copper alloys. Nearly 80% of the business constitutes the crucibles space, while the rest is foundry (which may be for ferrous or non ferrous foundries) accessories.

**Results Declared:**

- The net sales for the quarter under review came in at Rs313mn as compared to Rs274mn, growth of 14%
- EBITDA margins for the quarter under review came in at 17.4% as compared to 21.0% in the same quarter last year. This is on the lower side due to increased cost of basic raw materials which was also witnessed in the previous quarter as well.
- The net profit grew by 10% to Rs36mn in quarter ending December 2018 as compared to Rs33mn in the same quarter last year.
- EPS for the quarter stood at Rs12.9

**Financials:**

Result Update (Q3FY2019)									
Q3FY19 Result (Rs mn)	Dec-18	Dec-17	y-o-y	Sept-18	q-o-q	9MFY19	9MFY18	y-o-y	FY19E
Total Income	313	274	14.0%	302	3.7%	931	816	14.2%	1,225
EBITDA	54	57	(5.6%)	36	52.2%	169	150	12.6%	217
Other Income	8	3	-	20	(59.3%)	45	22	-	60
Interest	0	0	-	0	-	0	0	-	0
Depreciation	11	11	2.1%	10	7.3%	31	32	(2.3%)	44
Exceptional Items	0	0	-	0	-	0	0	-	0
Tax	16	17	(9.5%)	14	12.3%	55	49	12.1%	58
Net Profit	36	33	10.0%	32	13.0%	129	91	41.1%	174

**Outlook and Recommendations:**

The company has performed well in line with our estimates. The company (margins) has once again being by increased cost of basic raw material, which has depressed the margins earned. We continue to be bullish on this counter and maintain our third revised target of Rs2,300.

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