

Bharat Bijlee Limited.

COMPANY SNAPSHOT					
CMP	Initiation Price	Target	Potential Upside	Recommendation	MCap (Rsbn)
Rs1623	Rs787	Rs2000	23%	BUY	Rs9.2

About the Company:

Bharat Bijlee Limited (BBL) is one of the leading players in the electrical engineering industry in India. The company operates through two divisions namely Power Systems and Industrial Systems. The different products of the company include Transformers, Projects, Electric Motors, Elevator Systems, Drives and Automation. The manufacturing facilities of BBL are located at Airoli in Navi Mumbai.

Results Declared:

- The net sales for the quarter under reference came in at Rs2,228mn as compared to Rs2,281mn, drop of 2.3%
- The Ebidta margins improved to 5.6% from 4.4% in the comparative quarter
- The net profit came in at Rs489mn which includes the exceptional item of Rs468mn representing the surplus on surrender of a part of the Company's factory lease hold land at Airoli, Navi Mumbai to MI DC , the lessor, for proposed public road project. This has led to inflated profits reported for the quarter.
- On the segmental front, the Power system de-grew by 19.4% while the Industrial System on the other hand clocked growth of 3.2%
- For the full year, the net sales grew by 14.2% to Rs7,740mn as against Rs6,775mn in the comparative year
- The net profits were inflated with the exceptional item to Rs610mn as against Rs144mn in FY17.
- The Board of Directors has recommended a dividend of Rs.2.50 (25%) per equity share of Rs10 each subject to the approval at the ensuing Annual General Meeting.

Financials (Consolidated):

Result Update (Q4&FY2018)								
Q4&FY18 Result (Rsmn)	Mar-18	Mar- 17	y-o-y	Dec-17	q-o-q	FY17	FY18	y-o-y
Total Income	2228	2281	(2.3%)	2277	(2.2%)	6775	7740	14.2%
EBITDA	124	100	24.6%	142	(12.1%)	172	333	94.2%
Other Income	71	62	14.2%	41	73.1%	267	212	(20.7%)
Interest	54	40	35.8%	52	4.0%	160	193	21.0%
Depreciation	23	25	(9.2%)	23	(2.2%)	99	93	(5.8%)
Exceptional Items	468	-	-	-	-	-	468	-
Tax	98	30	222.1%	11	812.1%	36	117	221.4%
Net Profit	489	67	632.8%	97	406.5%	144	610	323.0%

Outlook and Recommendations:

The company has reported slightly lower numbers compared to the estimates if not for the exceptional items considered in the current quarter under reference. The company has a very strong profile of investments as well as its building up on the order book. Maintaining our stance on the stock as a slow compounder and a SIP candidate, we maintain our target price of Rs2000 over a horizon of 12 months.

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