

Remsons Industries Limited

COMPANY SNAPSHOT					
CMP	Initiation Price	Target	Potential Upside	Recommendation	MCap (Rsbn)
Rs84	Rs104	Rs155	85%	BUY	Rs0.5

About the Company:

Remsons Industries Limited (Remsons) was incorporated in 1971 as Remsons Cable Private Limited (RCPL). RCPL took over the auto component trading business of Remsons India, a partnership concern, which was initially a proprietorship concern of Mr. V. Harlalka, in May 1984. Subsequently, RCPL was converted into a public limited company in October 1986 and renamed as Remsons Industries Limited in November 1986. Further, Daman Auto Industries Ltd., Rems Auto Engineers Ltd, and Remsons Auto Industries Pvt. Ltd. were amalgamated with the company with effect from April 2005. Remsons is engaged in the manufacturing of auto components such as auto control cables, flexible shafts, gear shift systems and push pull cables.

Results Declared:

- The net sales for the quarter under review came in at Rs381mn as compared to Rs335mn, growth of 13.8%
- EBITDA margins for the quarter stood at 5.6%
- The net profit grew by 10.8% to Rs8mn in quarter ending December 2018 as compared to Rs7mn in the same quarter last year.
- EPS for the quarter stood at Rs1.3

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	381	335	13.8%	396	(3.7%)	1,124	922	21.9%	1,507
EBITDA	21	22	(1.4%)	28	(23.6%)	71	49	45.2%	99
Other Income	(1)	2	-	4	(132.7%)	5	7	(31.3%)	7
Interest	4	6	(38.6%)	7	(45.9%)	16	20	(16.7%)	25
Depreciation	6	6	(8.5%)	6	(3.1%)	17	19	(8.0%)	27
Exceptional Items	-	-	-	-	-	-	-	-	-
Tax	3	4	(32.2%)	6	(46.8%)	12	8	61.1%	15
Net Profit	8	7	10.8%	13	(42.2%)	29	9	-	39

Outlook and Recommendations:

The company has reported flattish numbers for the quarter with dip in margins. The drop is majorly attributed to the slowdown observed in the Automobile space. Hence, the company would have to face some sluggishness for the next 3-4 months until the auto sales pick up and get back to normalcy. Maintaining the positive stance on the working of the company we continue with a Buy recommendation on the stock for a target price of Rs155 over a 12 month horizon.

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