

Aksh Optifibre Limited.

COMPANY SNAPSHOT					
CMP	Initiation Price	Target	Potential Upside	Recommendation	MCap (Rsbn)
Rs30.7	Rs15	Rs45	47%	BUY	Rs4.9

About the Company:

Established in 1986, Aksh Optifibre Limited (Aksh) is almost a three-decade old company which is involved in manufacturing of Optical Fibre and Optical Fibre Cables (OFC). Aksh is one of largest manufacturer of optical fibre and optical fibre cables in India. Apart from this, the company is one of largest producers of FRP rods with an annual capacity of 3 million km of FRP. The Company manufactures a wide array of Optical Fiber Cables which include single mode and multimode cables, duct cables, armoured FTTH (for aerial installations and fibre to home) cables, indoor and outdoor cables and special application cables (which are hybrid in nature, all purpose and ceramic armoured cables). It has two manufacturing plants located at Bhiwadi, Rajasthan which focus on fibre and optical fibre cables and one plant at Reengus, Rajasthan which focuses on FRP rods.

Results Declared:

- The company has shown improved turnover as compared to the previous quarter. Net sales for the quarter stood at Rs1,451mn as against Rs870mn in the same quarter last year, growth of 66.8%
- The Ebitda margins for the quarter came in 10.5 % as against 11.23% in the comparative quarter.
- The net profit stood at Rs51mn as compared to Rs27mn in the corresponding quarter last year.
- The EPS for the quarter stands at Rs0.31

Other Highlights

- Management has ambitious vision of expanding its existing operations and strengthening the core processes.
- The company is in process of rolling out its first batch of lenses soon; as per the management, trial runs for the same have already started.
- Moreover, the company has merged its subsidiary company APaksh Broadband Ltd with its parent company.
- The expected roll out of 5G will be a booster for the company as well as its competitors.

Financials (Standalone):

Result Update (Q2FY2018)									
Q2FY18 Result (Rs mn)	Sep-17	Sep-16	y-o-y	June-17	q-o-q	FY16	FY17	y-o-y	FY18E
Total Income	1,451	870	66.8%	1,154	25.7%	4,348	4,588	5.5%	4,721
EBITDA	152	98	56.1%	98	56.1%	701	468	(33.3%)	496
Other Income	1	10	(87.8%)	11	88.4%	35	55	55.7%	51
Interest	29	21	42.5%	26	12.5%	104	91	(12.8%)	87
Depreciation	49	48	1.4%	48	1.5%	187	196	4.4%	209
Extraordinary Item	-	-	-	-	-	(73)	1	-	-
Tax	25	13	92.3%	13	92.3%	37	87	135.2%	88
Net Profit	51	27	91.0%	22	134.5%	335	151	(55.0%)	163

Outlook and Recommendations:

The company intends to expand its product portfolio by means of diversification. The Jaipur smart city project will boost the revenues of the company. We maintain buy on the stock with second revised target price of Rs45 over a horizon of 12 months.

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