

**Bharat Rasayan Limited.**

COMPANY SNAPSHOT					
CMP	Initiation Price	Target	Potential Upside	Recommendation	MCap (Rsbn)
Rs3060	Rs2747	Rs4250	39%	BUY	Rs13

**About the Company:**

Bharat Rasayan Limited (BRL), the flagship company of the Bharat group, was incorporated in 1985. The company is engaged in the manufacturing of technical grade pesticides, which in turn is used from manufacturing of formulations for agrochemical industry. Besides earning the status of Export House, the company has been crowned with two prestigious national awards for outstanding performances in exports, from the FIEO and CHEMEXCIL, set up by the Union Ministry of Commerce and Industry. While the corporate headquarters are in New Delhi, the manufacturing units are located in Bahadurgarh and Rohtak (Haryana), Dahej (Gujarat), Kathua (J&K) and Kala Amb (H.P). Currently, BRL has two manufacturing plants equipped with state-of-art process systems located in the states of Haryana and Gujarat. The management maintains that the BRL is the flagship company of the Bharat group and all the intercompany transactions (sales of technical from BRL to group companies) happen at the market price and the group maintains pretty high standards with respect to the corporate governance. The Gupta family, Mr. S.N. Gupta, Mr. M.P. Gupta and Mr. R.P. Gupta are the promoters of the company and hold 74.79% stake in the company.

**Results Declared:**

- The net sales clocked a growth of 25.9% at Rs2441mn as compared to Rs1939mn in the same quarter last year
- The Ebitda margins grew healthy to 18.6% for the quarter
- The net profits grew by a robust 45.1% at Rs241mn as compared to Rs166mn in the same quarter last year.
- The EPS stood at Rs56.6 for the quarter

**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	2,441	1,939	25.9%	1,692	44.3%	4,555	6,207	36.3%	7,132
EBITDA	453	309	46.8%	298	52.4%	805	1,103	37.1%	1,212
Other Income	8	10	(14.4%)	7	22.1%	6	22	-	6
Interest	29	26	12.3%	28	4.6%	125	120	(3.7%)	122
Depreciation	40	41	(0.5%)	39	3.9%	170	164	(3.5%)	173
Exceptional Item	10	-	-	-	-	-	(3)	-	-
Tax	141	86	64.3%	81	73.9%	177	293	65.3%	323
Net Profit	241	166	45.1%	157	54.1%	339	545	61.1%	600

**Outlook and Recommendations:**

The company has reported robust numbers for the quarter under reference. We maintain our BUY call on the stock with a target of Rs4250 over a 12 months horizon.

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