

Excel Industries Limited.

COMPANY SNAPSHOT					
CMP	Initiation Price	Target	Potential Upside	Recommendation	MCap (Rsbn)
Rs638	Rs380	Rs800	25%	BUY	Rs8

About the Company:

With a legacy of nearly 70 years, Excel Industries Limited (Excel) is involved in the business of chemical manufacturing as well as sale of industrial agrochemicals & pesticides intermediates and speciality chemicals. The company is a pioneer in the domain of phosphorus, its derivatives and related chemistry. Excel is the largest producer of Phosphorous based compounds like Phosphorous Trichloride (PCl₃), Phosphorous Pentasulphide (P₂S₅) and Diethyl Thiophosphoryl Chloride (DETC) in India. Recently, the company has ventured into environmental and biotechnology sectors. Broadly speaking, the company can be organized into two business segments namely:

(a) Chemicals: comprising of Industrial and Specialty Chemicals and Pesticides Intermediates

(b) Environment: comprising of soil-enrichers, bio-pesticides and other bio-products

The products basket can be divided into chemicals, polymer units, API and intermediates, veterinary APIs and environ biotech. Promoted by Mr. Ashwin Shroff and group, the Company has its manufacturing plants at Roha, Lote (Chemical Operations) and Ahmedabad (Environment Biotech and API operations).

Results Declared:

- Net sales for the quarter stood at Rs1,300mn as against Rs1,193mn in the same quarter last year, growth of 9%
- The Ebitda margins for the quarter came in 8.87% as compared to 5.29% in the comparative quarter last year.
- The burden of interest cost has been reducing over the quarters. The same was Rs25.4mn in the corresponding quarter last year as compared to Rs16.1mn this year.
- The net profit for the quarter under review stood at Rs111mn as compared to Rs67mn in the corresponding quarter last year.
- The EPS for the quarter stands at Rs8.87 as compared to Rs5.29 in the corresponding period last year.

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	1,300	1,193	9.0%	1,220	6.6%	4,481	4,450	(0.7%)	4,928
EBITDA	217	139	56.3%	124	75.8%	616	417	(32.3%)	641
Other Income	2	9	-	41	-	29	81	-	85
Interest	16	25	(36)	16	0.0%	125	114	(8.8%)	92
Depreciation	35	35	0.0%	37	-5.4%	154	139	(9.7%)	166
Tax	57	21	171.4%	34	67.6%	114	62	(45.6%)	152
Net Profit	111	67	66.1%	78	43.4%	252	183	(27.4%)	316

Outlook and Recommendations:

The concerns in the Chinese market seem to be benefitting Excel Industries. The company has been slowly reducing its interest / debt burden. The company has shown strong numbers in this quarter and should maintain the momentum in the second half as well. We have upgraded and revised the target price twice since our initiation coverage and also re-initiated coverage on 20th July 2017 (Rs426); we further revise our target price to Rs800 with a horizon of 12 months.

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