

Bharat Rasayan Limited

COMPANY SNAPSHOT					
CMP	Initiation Price	Target	Potential Upside	Recommendation	MCap (Rsbn)
Rs4600	Rs2747	Rs5000	9%	BUY	Rs19.5

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. 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 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 total revenue for the quarter grew by 40.7% to Rs2,722mn as compared to Rs1,934mn in the same quarter last year.
- The EBITDA margin for the quarter under review stood at 17.6% in comparison to 19.8% in the corresponding quarter, owing to the increase in raw material cost.
- There has been a drastic increase in the borrowing cost witnessed during the quarter
- The net profit dropped by 17.2% to Rs294mn as against Rs355mn in the comparative quarter
- The EPS stands at Rs69.2.
- There has been exceptional item in this quarter which relates to donation made to Political Party and profit/loss on sale of fixed assets located at Telangana.
- For the full year, the company has clocked revenue growth of 22.4% and ended the year with net profit growth of 13.4%
- The board has recommended final dividend of Rs1.5/- per equity share of Rs10/- each for the financial year ended 31st March, 2019.

Financials:

Result Update (Q4&FY2019)								
Q4&FY19 Result (Rs mn)	Mar-19	Mar-18	y-o-y	Dec-18	q-o-q	FY19	FY18	y-o-y
Total Revenue	2722	1934	40.7%	1896	43.6%	9922	8104	22.4%
EBITDA	479	382	25.2%	394	21.4%	1871	1582	18.3%
Other Income	3	7	(58.0%)	(1)	-	25	26	(4.2%)
Interest	46	22	110.6%	41	11.1%	158	111	42.7%
Depreciation	43	43	(1.6%)	44	(2.1%)	169	164	2.9%
Exceptional Items	(18)	59	-	0	-	(18)	19	-
Tax	82	28	188.0%	95	(14.0%)	436	369	18.3%
Net Profit	294	355	(17.2%)	214	37.8%	1115	983	13.4%

Outlook and Recommendations:

Although the company has shown growth in revenue, due to constrain in raw material costs there has been a drop in the margins witnessed. On a full year basis, the numbers performed better than our expectations. Going ahead, with the new government focus on agriculture, we expect the company to continue its growth momentum, with ramp up in revenue. With the optimism going strong, we maintain our BUY call on the stock with the target price of Rs5000 for a 12-month horizon.

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