

Sector: Commodity Chemicals

**RESULT UPDATE- Q4&FY2018**

Declared on: 30 May, 2018

## Grauer & Weil (India) Limited.

COMPANY SNAPSHOT					
CMP	Initiation Price	Target	Potential Upside	Recommendation	MCap (Rsbn)
Rs57	Rs45	Rs80	40%	BUY	Rs12.9

### About the Company:

Grauer & Weil India Ltd (GWIL) is an established player in the electroplating industry which is related to the field of surface treatment technology, specialised chemicals, engineering plants etc. GWIL is the only company in India and one among the few in the world that offers complete corrosion protection solutions on all types of substrates across various industrial segments. The company is chaired by Mr. Umeshkumar More and family, with an experience of nearly 6 decades have managed to build a modern conglomerate in Indian electroplating market and allied products & services. The company has a centralised R&D centre in Mumbai which is recognised by the Indian Council of Science and Technology. The company has nearly 40 QA laboratories at (24) branch offices and (28) technical service centres which function continuously to monitor and support Indian as well as overseas customers. The company has seven manufacturing plants. The products offered by the company are reputed and match International quality standards.

### Results Declared:

- The net sales for the quarter under review (standalone) came in at Rs1,483mn as compared to Rs1,247mn, growth of 18.9%
- The company seems to have been hit by the cost of raw materials (basically chemicals which have soared high during the quarter under review). Thus, the Ebitda margins for the quarter ending March 2018 were slashed down to 9.9% as compared to 17.1% in the same quarter last year.
- The net profit recorded for the quarter came in at Rs58mn as compared to Rs117mn
- For the full year, the net sales (standalone) clocked a growth of 6.2% with revenues at Rs5,039mn as compared to Rs4,747mn in FY17. For the full year ending FY18, Net Profit came in at Rs606mn as compared to Rs552mn.
- Moreover, on a consolidated level, the company has performed even better; with net sales at Rs5,093mn as compared to Rs4,755mn registering a growth of 7.1% and net profits at Rs637mn as compared to Rs542mn in FY17 registering a growth of 17.6%
- The Board of Directors of the company at its meeting held on May 30, 2018 has recommended final dividend of 60 paise per equity share of face value of Rs1 each for the FY2017-18 which is subject to approvals of the shareholders.

### Financials (Standalone):

Result Update (Q4&FY2018)								
Q4&FY18 Result (Rs mn)	Mar-18	Mar-17	y-o-y	Dec-17	q-o-q	FY18	FY17	y-o-y
Total Income	1,483	1,247	18.9%	1,266	17.1%	5,039	4,747	6.2%
EBITDA	147	213	(31.0%)	303	(51.5%)	950	859	10.6%
Other Income	34	6	-	17	100.0%	92	35	165.8%
Interest	6	4	55.0%	4	55.0%	18	16	11.0%
Depreciation	38	36	6.1%	37	2.1%	150	139	7.7%
Tax	79	62	27.4%	78	1.3%	269	186	44.3%
Net Profit	58	117	(50.8%)	201	(71.3%)	606	552	9.7%

### Outlook and Recommendations:

GWIL is consistently maintaining its leadership position in the market they serve i.e. in the entire value chain of surface finishing goods. On the standalone basis, the company was hit due to increasing raw materials prices; however they seem to be operating well on the international front. For the full year ending FY2018, the company has performed well on the standalone as well as on the consolidated levels. The company is growing slowly, but consistently. We maintain our revised target price of Rs80 from a 12 months perspective.

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