

Bharat Rasayan Limited.

COMPANY SNAPSHOT					
CMP	Initiation Price	Target	Potential Upside	Recommendation	MCap (Rsbn)
Rs5656	Rs2747	Rs6500	15%	BUY	Rs24

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 for the quarter came in at Rs1934mn as against Rs1325mn in the same quarter last year, growth of 46%
- The Ebitda margins stood at 19.8% lower in the quarter under reference when compared to 23.8% in the same quarter last year
- The net profit came in at Rs355mn compared to Rs121mn in the comparative quarter.
- The exceptional items of Rs59mn include the amount of contribution, donation made to political parties and profit on sale of factory, land & building located at Hyderabad.
- For the full year, the net sales clocked growth of 28.1% while the profits grew by 80.4%.
- The EPS for the quarter is Rs83.6 and full year is Rs231.4

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	1,934	1,325	46.0%	1,887	2.5%	7,953	6,207	28.1%
EBITDA	382	315	21.3%	449	(14.9%)	1,582	1,103	43.4%
Other Income	7	(48)	(114.3%)	4	64.3%	26	22	19.1%
Interest	22	25	(11.4%)	27	(20.1%)	106	120	(11.3%)
Depreciation	43	43	0.9%	42	3.6%	164	164	0.1%
Exceptional Item	(59)	3	-	30	-	19	(3)	-
Tax	28	75	(62.4%)	123	(77.0%)	373	293	27.3%
Net Profit	355	121	193.0%	231	53.5%	983	545	80.4%

Outlook and Recommendations:

The company has reported robust numbers for the quarter under reference. For the full year as well the company has beaten our estimates. The company continues to be on the growth trajectory. We maintain our BUY call on the stock with a target of Rs6500 over a 12 months horizon.

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