

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs11225	46.6	Accumulate	Rs15000	32%

*as on 13th Aug, 2025

About the Company:

The 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.

Results: Quick Glance:

- The net sales for the quarter under review grew by 33.7% to Rs3774mn as compared to Rs2822mn in the same quarter last year
- The Ebitda margin for the quarter under review stood at 19.4% as against 13.5% in Q1FY25
- The net profit (considering share of P&L of the JV) for the quarter under review came in at Rs397mn as against Rs431mn in the comparative quarter last year
- The EPS for the quarter under review stood at Rs95.45 as compared to Rs103.77 in the corresponding period last year

Financials:

Performance (Q1FY26)							
Q1FY26 Result (Rs mn)	Jun-25	Jun-24	y-o-y	Mar-25	q-o-q	FY25	FY26E
Total Revenue	3774	2822	33.7%	3065	23.1%	11730	12908
EBITDA	732	381	91.9%	402	82.1%	1749	2065
Other Income	71	59	20.5%	61	16.2%	260	280
Interest	12	10	21.6%	12	(2.5%)	47	49
Depreciation	64	64	0.6%	72	(11.1%)	270	277
Exceptional Items	(148)	0	-	0	-	0	(148)
Share of Profit	(40)	163	-	(33)	20.1%	158	158
Tax	143	99	44.0%	94	51.1%	441	527
Net Profit	397	431	(8.0%)	251	57.8%	1409	1502

Outlook and Recommendations:

The company has significantly improved its performance during the quarter under review where the performance is driven by factors such as price stability, robust global demand and improved realization value of inventories. The gross margin for the quarter under review stood at 34.65% compared to 32.93% in Q1FY25 mainly driven by decrease in the raw material cost as a percentage of sales. BRL continues to have command of its pricing power, sticky customers while being one of the best performers in the agrochem industry. The Ebitda margin has expanded to ~19.4% from ~13.5% in Q1FY25 which is propelled by good inventory management. There was a decline in PAT by ~8.0% which was due to loss from the JV (Nissan Bharat Rasayan) of Rs40mn and also due to one-time loss recognized to the tune of ~Rs147.8mn owing to Environmental Damage Compensation (EDC) and Dahej plant fire incident, the insurance claim process for the damaged property is underway. Nissan Bharat Pvt. Ltd (JV) focuses on the development of patented agrochemical products in India, which are intended for worldwide distribution, positioning India as a key innovation hub in the agricultural sector. During the quarter under review, the sales to the JV and or exports were bleaker and are anticipated to bounce in the next quarter. The overall bottomline when compared to the same quarter of last year is tepid owing to reduced exports from the JV. In addition to this, the other partnership with Mitsui & Co. and Nippon Soda Co. Ltd, under the JV Bharat Certis AgriScience Ltd is expected to deliver stable revenues for the crop protection solutions to the domestic as well as the international market.

Outlook and Recommendations (contd.):

BRL has a strong presence in both domestic and international markets and is actively working with large global clients. The Management has been playing well with the product mix while focusing on high margin products, even if the volumes catered to are small; while the tonnage from new products is still limited, these products offer healthy profitability. New product development (NPD) is expected to help improve margins in the coming quarters, supported by stable demand and better pricing. This should automatically translate into improved ROCE and ROE, especially from the export business. The company is concentrating on advanced chemistries and high value products, with a clear focus on key Japanese customers and continues to supply to major Japanese companies like Nissan, Sumitomo, and Mitsui. Several new products are under development and are likely to be launched over the next 3-4 years. BRL has a wide product range, strong brand recognition, an experienced R&D team, and a large distribution network which help propel the growth plans chalked out by the Management. The company is steadily expanding its manufacturing base, moving towards backward integration, securing new product registrations, and customising its offerings for important markets while fortifying the operational strength of BRL, thus we continue to maintain our target price of Rs15000.

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Registered Office Address:

Progressive Share Brokers Pvt. Ltd,
122-124, Laxmi Plaza, Laxmi Indl Estate,
New Link Rd, Andheri West,
Mumbai—400053, Maharashtra
www.progressiveshares.com | Contact No.:022-40777500.

Compliance Officer:

Ms. Neha Oza,
Email: compliance@progressiveshares.com,
Contact No.:022-40777500.

Grievance Officer:

Email: grievancecell@progressiveshares.com