

## Nath Bio-Genes (India) Ltd

August-17

Industry: Agricultural Products

Target Rs 512

Recommendation: Accumulate/Buy

Cmp Rs 345

### Key Data

BSE Code	537291
NSE Code	NATHBIOGEN
52 Week High (Rs)	436
52 Week Low (Rs)	96
Market Cap (Rs Cr)	552
Face Value	10

### About the Company:

Aurangabad-based Nath Bio-Genes (India) Ltd (NBGL) is a three decade old seeds and bio-technology business companies and a Flagship Company of Nath Group (NG). NG is well-diversified group having interests in paper, seeds, agro-research plantation, biotechnologies, pharmaceuticals & chemicals. It is an indigenous seed company poised to play a more significant role in agricultural development, farmer prosperity and promotion of indigenously developed agricultural technologies. It also provides nutritional supplements, such as BioEnergy for soil applications and foliar spray; and Win-Chi-Win

### Industry Snapshot

Customers	Open
Market Presence	Domestic
Govt Regulations	Medium
Msearch View	Positive

### Investment Rationale:

**Well-known brand in farming community:** Nath seeds are sown over 40 lakh acres; it works with 15,000 seed growers over 25,000 acres farmland. NBGL sell about 85 hybrid varieties and offer seeds in accordance with crop cycles across the country. That has helped the company achieve balanced growth. The Company has seed processing facilities with approximately 10 processing plants located in Maharashtra and Andhra Pradesh. It also has processing arrangements in Gujarat, Karnataka, Tamil Nadu, Madhya Pradesh and Rajasthan on custom basis.

### Shareholding on June 2017

Promoters	48.32%
Public	51.68%

**Diversified portfolio for healthy growth:** At present, the company has a diversified portfolio of value-added products such as BT cotton, cereals such as wheat, paddy, Jowar, Bajra and maize, oilseeds such as sunflower and mustard, and vegetables such as okra, tomato, chilli and Brinjal, besides Biofertilisers under the Win-Chi-Win brand. Nath recently introduced a more holistic organic nutritional supplement Bio-Energy. Recommended for soil applications as well as foliar spray. Bio-Energy is also getting very popular among the farming community especially in the state of Bihar where it was introduced just a couple of years ago. Whereas Win-Chi-Win is used exclusively as a foliar spray to simulate enhance growth, Bio-Energy is more of a nutritional supplement.

### Promoters/ Management

Mr Satish L Kagliwal	MD
Mr Devinder Khurana	Sr.VP & CFO
Mr Kashinath G Lyer	Director
Mr Nandkishor L Kagliwal	Director
Mr Sweta Garodia	Director
Mr Promod Kumar Gupta	Director

**Intensified Research Efforts to lead growth:** Company has so far been able to develop excellent hybrids in Cotton, Jowar, Bajra, Maize, Sunflower, Mustard, Wheat and Paddy. The whole focus of the Research and Development program has been custom-oriented, meaning thereby what Indian farmers want was given as an objective to the breeders. These objectives have also been changing year after year depending on the farmer's demands. The competitive environment in the area of hybrid seeds is rapidly growing worldwide, so also in our country as well. NathBio is pursuing both Genetic Engineering Technologies as well as Molecular-Aided Selection systems to enrich crop breeding and product development programs.

### Key Ratios

Price Earning Ratio x	16.02
Price To Book Value x	3.98

**Focus to go global:** Nath Bio is also planning to establish its presence in overseas markets. Soon, it is likely to commercialise a hybrid cotton variety in the Philippines. It is also targeting overseas markets in SAARC and East African countries.

### Price Charts



### Mview

We believe Nath Bio-Genes is well placed Agri research driven company, diversified portfolio of products across the crops and also well spread geographical presence on pan-India basis, practically in 14 different states of the country. NBGL presents excellent opportunity to have an exposure to the robust business model and growing agro research space. At the CMP Rs 344, the stock is trading at an attractive valuation of 16x and 13x of FY18E EPS of Rs 21.5 and FY19E EPS of Rs 26.4. Hence, we recommend Accumulate/Buy with a target price of Rs 512 with medium to long term investment horizon.

### Research Team

022-40070155/156


**CONSOLIDATED FINANCIAL TABLES**
**Profit & Loss Statement**

Particulars	FY16	FY17	FY18E	FY19E
<b>Income From Operation</b>	<b>162.1</b>	<b>169.7</b>	<b>238.3</b>	<b>274.1</b>
<b>YOY Growth</b>		<b>5%</b>	<b>40%</b>	<b>15%</b>
<b>Expenditure</b>				
Cost of Material Consumed	78.0	58.5	59.6	65.8
Purchase of Stock-in-Trade	0.0	2.0	1.4	1.6
Changes in Inventory	13.6	13.7	13.1	15.1
Employee benefit expense	-24.4	10.4	47.7	54.8
Selling & Distribution Expenses	20.1	17.3	6.0	6.9
Other Expenditure	50.3	39.0	59.6	68.5
<b>Total</b>	<b>137.6</b>	<b>140.9</b>	<b>187.3</b>	<b>212.7</b>
<b>EBIDTA Rs</b>	<b>24.5</b>	<b>28.9</b>	<b>51.0</b>	<b>61.4</b>
<b>YOY Growth</b>		<b>18%</b>	<b>77%</b>	<b>20%</b>
<b>EBIDTA Margin %</b>	<b>15.1%</b>	<b>17.0%</b>	<b>21.4%</b>	<b>22.4%</b>
Interest	6.2	9.7	11.4	12.0
Depreciation	3.9	3.0	4.0	5.0
PBT	14.4	16.2	35.6	44.4
Other Income	0.7	0.7	0.0	0.0
<b>PBT</b>	<b>15</b>	<b>16.8</b>	<b>35.6</b>	<b>44.4</b>
TAX	0.9	0.5	1.1	2.0
<b>PAT Rs</b>	<b>14.2</b>	<b>16</b>	<b>34</b>	<b>42</b>
<b>YOY Growth</b>		<b>15%</b>	<b>111%</b>	<b>23%</b>
<b>PAT Margin %</b>	<b>8.8%</b>	<b>9.6%</b>	<b>14.5%</b>	<b>15.5%</b>
<b>EPS</b>	<b>8.82</b>	<b>10.3</b>	<b>21.5</b>	<b>26.5</b>

**Balance Sheet**

PARTICULARS	FY16	FY17
<b>Sharholder's Fund</b>		
a)Share capital	16.0	16.0
b) Reserves and surplus	105.3	121.6
	<b>121.3</b>	<b>137.6</b>
<b>Non current liabilities</b>		
a)Long term Borrowings	15.0	20.1
b)Long term provisions	1.8	2.0
	16.8	22.1
<b>Current Liabilities</b>		
a)Trade Payables	48.0	44.4
b)Other current liabilities	35.4	34.2
c)Short term provisions	2.2	2.5
d)Short term borrowings	43.0	48.6
	<b>128.6</b>	<b>129.7</b>
<b>Total</b>	<b>266.7</b>	<b>289.3</b>
<b>Assets</b>		
<b>Non current assets</b>		
a)Fixed assets	30.5	41.6
b)Non current investments	0.00	5.0
c)Long term loan and advances	10.1	0.0
d)Deferred Tax Assets(Net)	0.9	0.9
	<b>41.4</b>	<b>47.4</b>
<b>Current Assets</b>		
a)Current investments	5.0	0.0
b)Inventories	140.7	130.2
c)Trade Recievables	45.3	51.8
d)Cash and Bank balance	1.2	5.8
e)Short term loan and advance	31.8	53.1
f)Other current assets	1.2	1.0
	<b>225.3</b>	<b>241.9</b>
<b>Total</b>	<b>266.7</b>	<b>289.3</b>

**Technical Outlook**


# Msearch



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