

Residential Skyscraper in Thane, Theme based Luxury Resort and Commercial Space in Fort to bring CF of INR 20-25 bn

CMP: INR 91
Target Price: INR 353
Rating: BUY

Stock Info

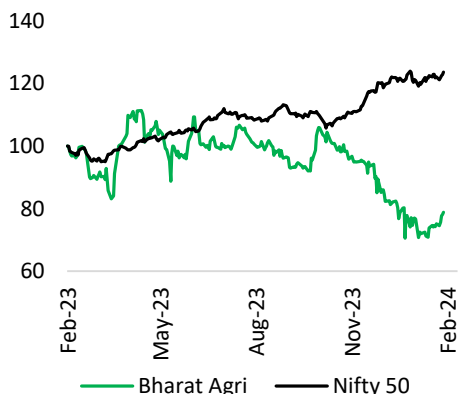
BSE	531862
Bloomberg	BFIL:IN
Reuters	BFER.BO
Sector	Chemicals & Realty
Face Value (INR)	1
Equity Capital (INR Mn)	52.9
Mkt Cap (INR Mn)	4,770
52w H/L (INR)	140 / 79
Avg. Yearly Volume (in 000')	90

Shareholding Pattern %

(As on Dec, 2023)

Promoters	67.91
DII's	0.00
FII's	0.00
Public	32.09

Bharat Agri Vs Nifty



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Bharat Agri Fert & Realty Ltd. is in the business of construction & development of residential complexes, manufacturing of agro-chemical Single Super Phosphate and operating a theme based luxury Resort. The company has 5.22 mn sq. ft. (120 acres) of land bank which includes 20 acres of land which houses the Single Super Phosphate plant of 1lakh tonnes capacity and the theme based luxury Resort spread over 8 acres of land. The Company has started the construction of a residential tower in Majiwada, Thane which upon completion will be the tallest building in Thane of 59 storeys with 4 lakh sq. ft. carpet area for 457 units of 2 & 3 BHK apartment flats.

Realty Division constructing 59 floor residential Tower in Majiwada, Thane

The Company had constructed a residential complex in Thane with 6 towers of average 11-12 storey buildings constructed between 2007-08 to 2015-16. The units in these 6 towers were all sold out. The company has earlier gained approval for the Wembley tower for 19 floors only, which after the Covid pandemic, was extended till 59 storeys. The 'Wembley' tower G Project was launched in 24th Oct 2023, and the construction work has started. The Tower will house 457 units of 2 & 3 BHK apartment flats. The Company aims to complete the Project over the next 4 years and we expect the Project to generate revenues up to INR 8,000 mn yielding a Profit of INR 4,000-5,000 mn during the period. Our estimates for high Profitability is based on the consideration that the company already owns the land and the Cost of Construction is not expected to be not more than 40%.

Expansion of Room Capacity of Anchaviyo Luxury resort

The Company operates thematic Luxury Resort branded as 'Anchaviyo' which currently has 45-50 rooms all exclusively designed in different themes. The current occupancy levels of the resort is 65-70% with average rent of INR ~20,000 per room generating annual Turnover of INR 200-210 mn (occupancy levels vary with seasons). The Company intends to increase the number of Rooms to 125-130 in the next 2 years, and become a preferred Wedding Destination along with Corporate bookings. This will generate up to INR 400-500 mn per year.

Redevelopment of Promoter's Residential Building situated in Ville Parle

The Company is in discussion for redevelopment of Promoters Residential Building situated at Prime Location in Ville Parle (E) for making 3 & 4 BHK luxurious residential flats in G+13 floor with a revenue potential of INR 1,750-2,000 mn respectively.

Leasing of the Fertilizer facility

The Company's fertilizer facility operated at less than 10% capacity utilization for FY23 impacted by the supply and availability of raw Material for the production of Single Super Phosphate. Hence, they are in discussion with Chambal Fertilizers and Indian Potash Limited for a suitable lessee who will operate the plant efficiently benefitting both Bharat Agri as well as the Lessee's company with a Lease rental income of INR 100-120 mn per year.

Valuation & Outlook

Bharat Agri, Fert & Realty is utilizing the land bank of 120 acres that the company has, and another 30 acres of land in the name of the Promoter which could also be transferred in the company's books at an appropriate time in the future. Going ahead, we believe the Company will also utilize the opportunity of redevelopment of commercial building Bharat House in Fort Area for a JV with Shapoorji Pallonji Group, which could generate a cash Flow of INR 2,000 mn. Therefore, we believe the developments as highlighted by the Management in the earnings concall will be generating a minimum Cash flow of INR 20,000-25,000 mn over the next 4-5 years. Hence, based on the incoming Free Cash Flow from different projects, we value the stock at INR 353 per share on PV of FCF over the next 4-5 years.

CF Valuation

	Cash Flow from Different Projects (INR Mn)	FY25	FY26	FY27	FY28	FY29
1	Wembley Tower, Majiwada Thane (G+59)	1,600	1,600	1,600	1,600	1,600
	Expenses	800	800	800	800	800
	Net Cash Flow	800	800	800	800	800
2	Anchaviyo (CF)	250	325	423	507	608
3	Vile Parle Residential Building JV (G+13)	500	500	500	500	0
4	Bharat House Commercial Building JV	500	500	500	500	0
5	Fertilizer Business Lease	100	105	110	116	122
6	Sports Complex (150 Acres)	0	0	250	500	1,000
	Total Cash Flow for 5 Year	2,150	2,230	2,583	2,923	2,530
	Assuming Cost of Equity	16.5%	16.5%	16.5%	16.5%	16.5%
	No. of Years	1	2	3	4	5
	PV of FCF	1,845	1,643	1,633	1,587	1,179
	Terminal Value					23,100
	Terminal Growth Rate	5%				
	PV of Terminal Value					10,764
	Equity Value					18,652
	Total Number of Shares					53
	Value of Equity Shares (INR / Share)					353

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Stock Rating Scale

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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