

10 April 2013

**CMP:** Rs.24.4

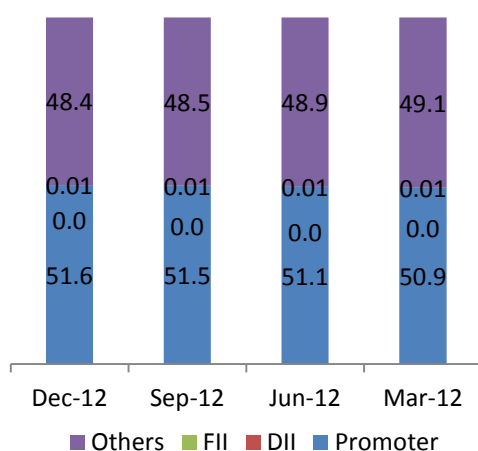
**Industry:** Castings & Foundry

**BSE group:** B/Small Cap

**Promoters:** Bhagwati Spherocast Pvt. Ltd. – 21.22% Bhagwati family and their investment companies

**Key Data** (as on 26 Feb' 13)

BSE	504646
ISIN	INE106G01014
Face Value (Rs.)	10.0
Mkt Cap (Rs. mn)	70.3
Current P/E	6.1
Current P/BV	0.4
52 week low-high	22.65-30.00
30 days avg daily trading volume	741
Equity capital (Rs mn)	28.8
Net worth (Rs mn)	160.0

**Shareholding Pattern (%)**

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The P/E ratio of the company has significantly improved due to fall in share price (from 31 March 12) and with improved earnings over the last two quarters.

**Company business**

The Bhagwati Group has two foundry units - Bhagwati Spherocast Pvt. Ltd. and Bhagwati Autocast Ltd (BAL). BAL is a machine moulding unit using Disa Flex-70 high pressure line with an annual capacity of 14000 tons, producing high duty grey iron and ductile iron castings. Its hand-moulding division has an annual production capacity of 2000 tons with facilities for manufacturing castings upto a single unit weight of 5 tons. The company manufactures castings for a wide spectrum of industries such as: automotive, light and heavy commercial vehicles, wind generation, refrigeration, tractors, general engineering products etc. The production capacity of the two foundry units together is 33,400 tons per year.

**Financials**

Particulars (Rs in mn)	Oct '12 to Dec '12	Oct '11 to Dec '11	% Change <sup>1</sup>	Jul'12 to Sep '12	% Change <sup>2</sup>
Total income	198.2	125.4	58.1%	185	7.1%
Total expenditure	185.5	115.9	60.1%	168.1	10.4%
EBIDTA	12.7	9.5	33.7%	16.9	(24.9%)
EBIDTA margin	6.41%	7.58%	(15.4%)	9.14%	(29.9%)
PBT	7.2	4.4	63.6%	8.2	(12.2%)
PAT	5.6	0.9	522.2%	6.3	(11.1%)
PAT margin	2.83%	0.72%	293.7%	3.41%	(17.0%)
Cash accruals	9.9	4.0	147.5%	11.0	(10.0%)
EPS	1.9	0.3	546.7%	2.2	(11.4%)

<sup>1</sup> compared to corresponding quarter in the previous year

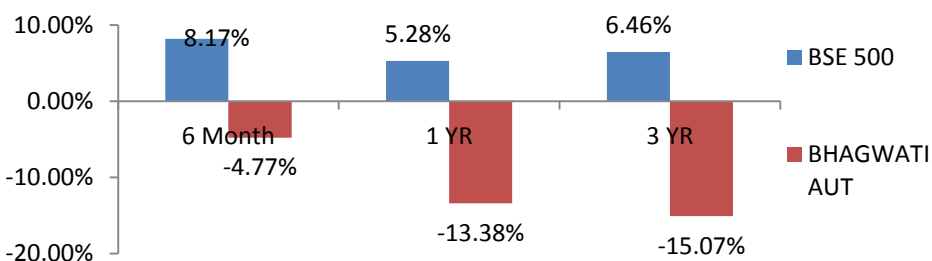
<sup>2</sup> sequential comparisons

Source: Moneycontrol, Company

**Financial Performance**

The performance for QE Dec 12 has significantly improved as compared with that of QE Dec 11. Sales were up almost 58% as compared to that of QE Sept 11. However EBIDTA margins were subdued on account of increased cost of raw material and employee expenses which included a one-time charge of Rs 6.2 mn for settlement of arrears of workmen dues. Finance costs were significantly reduced to Rs 1.2 mn (from Rs 4 mn for QE Sept 12 and Rs 2.1 mn for QE Dec 11). Thus PBT was a healthy 7.2 mn and PAT at Rs 5.6 mn as compared to a PBT of Rs 4.4 mn and PAT of Rs 0.9 mn for QE Dec 11.

However profitability is lower as compared to the trailing quarter of Sept 12 due to increased cost of raw material and the additional settlement of arrears of workmen dues.

**Share Price Performance**


## Financials

P&L (Rs. mn)	FY10	FY11	FY12
Total Income	539.8	658.0	580.8
PBDIT	49.9	61.1	33.1
Interest	7.8	11.6	6.1
PBDT	42.1	49.5	27.0
Depreciation	6.9	12.5	14.4
Profit Before Tax	34.8	37.0	12.6
Extra-ordinary items	(1.0)	-	-
PBT (Post Extra-ord Items)	33.8	37.0	12.6
Tax	12.0	11.9	4.8
Net Profit	21.7	25.1	7.8
Equity Dividend	2.3	2.9	1.7
Equity Dividend (%)	8%	10%	5%
Valuation ratios	FY10	FY11	FY12
P/E	3.8	4.2	10.4
P/BV	0.6	0.7	0.5

Balance Sheet (Rs. mn)	FY10	FY11	FY12
Share Capital	28.8	28.8	28.8
Reserves & Surplus	103.3	125.1	131.2
<b>Net worth</b>	<b>132.1</b>	<b>153.9</b>	<b>160.0</b>
Borrowings	71.2	75.9	54.5
Current Liabilities & Provisions	161.9	200.8	222.3
<b>Total liabilities</b>	<b>365.2</b>	<b>430.6</b>	<b>436.8</b>
Net fixed assets	139.5	154.3	174.8
Capital work in progress	-	0.7	-
Investments	-	-	-
Current Assets	179.4	223.1	204.8
Loans and Advances	46.3	52.5	57.2
Fixed Deposits	-	-	-
<b>Total assets</b>	<b>365.2</b>	<b>430.6</b>	<b>436.8</b>
Cash Flow (Rs.mn)	FY10	FY11	FY12
PBT	34.8	37.0	12.6
CF from Operations	70.0	12.1	49.2
CF from Investments	(87.8)	(18.7)	(28.6)
CF from Financing	21.9	2.3	(11.3)
Inc/(dec) in Cash	4.2	(4.3)	9.3
<b>Closing Balance</b>	<b>9.2</b>	<b>4.8</b>	<b>14.1</b>

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