

05 February 2013
CMP: Rs.27.45

Industry: Castings & Foundry

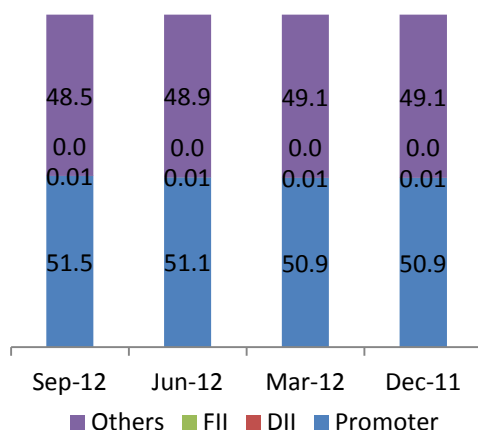
BSE group: B/Small Cap

Promoters:

 Bhagwati Spherocast Pvt. Ltd. (21.22%),
 Bhagwati family and their investment
 companies

Key Data (as on 21 Jan' 12)

BSE	504646
ISIN	INE106G01014
Face Value (Rs.)	10.0
Mkt Cap (Rs. mn)	79.1
Current P/E	11.7
Current P/BV	0.5
52 week low-high	22.65-30.00
30 days avg daily trading volume	872
Equity capital (Rs mn)	28.8
Net worth (Rs mn)	160.0

Shareholding Pattern (%)

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There has been a marginal fall in share price and EPS as compared with 31 March 2011 leading to movement in P/E from 10.4 times to the current 11.7 times.

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, plastic injection moulding machines, air & gas compressor, hydraulic, 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)	Jul '12 to Sep '12	Jul '11 to Sep '11	% Change ¹	Apr'12 to Jun '12	% Change ²
Total income	185.0	123.8	49.4%	144.5	28.0%
Total expenditure	168.1	124.1	35.5%	143.3	17.3%
EBIDTA	16.9	(0.3)	-	1.2	1,308.3%
EBIDTA margin	9.14%	negative	-	0.83%	1,000.0%
PBT	8.2	(2.2)	-	(2.3)	-
PAT	6.3	(1.5)	-	(3.0)	-
PAT margin	3.41%	negative	-	negative	-
Cash accruals	11.0	1.6	587.5%	0.6	1,733.3%
EPS	2.2	--	-	--	-

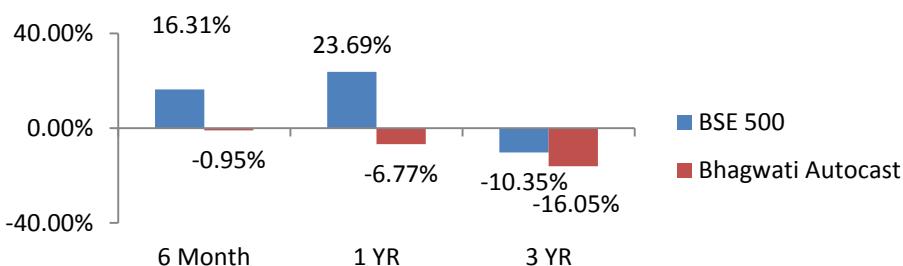
¹ compared to corresponding quarter in the previous year

² sequential comparisons

Source: Moneycontrol, Company

Financial Performance

The performance of BAL has significantly improved for QE 2012 as compared with the trailing quarter and QE Sept 2011. Sales were up almost 50% as compared to QE Sept 11. A tight control over all manufacturing costs has led to a positive EBIDTA. Despite interest costs of Rs 4 mn over an income of 1.2 mn in QE Sept 11, PBT was a healthy 8.2 mn and PAT at 6.3 mn as compared to a loss of Rs 2.2 mn in PBT and Rs 1.5 mn in PAT in QE Sept 11. Profitability has improved over the QE June 12 even though there was an exceptional insurance claim of Rs 2.8 mn in the trailing quarter.

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
Net worth	132.1	153.9	160.0
Borrowings	71.2	75.9	54.5
Current Liabilities & Provisions	161.9	200.8	222.3
Total liabilities	365.2	430.6	436.8
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	-	-	-
Total assets	365.2	430.6	436.8

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
Closing Balance	9.2	4.8	14.1

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