

**16 February 2015**
**CMP:** Rs.47.1

**Industry:** Castings & Foundry

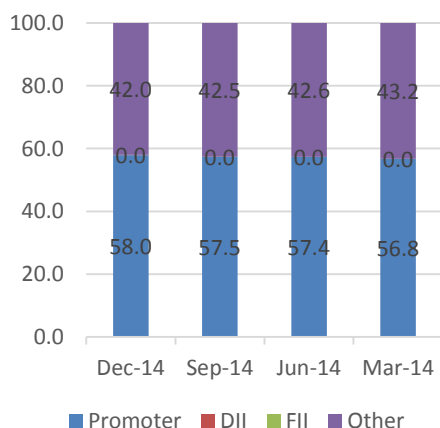
**BSE group:** B/Small Cap

**Promoters**

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

**Key Data (as on 16-Feb-15)**

BSE	504646
ISIN	INE106G01014
Face Value (Rs.)	10.0
Mkt Cap (Rs. mn)	135.5
Current P/E	negative
Current P/BV	0.6
52 week low-high	35.5-78
30 days avg daily trading volume	1785.6
Equity capital (Rs mn)	28.8
Net worth (Rs mn)	215.8

**Shareholding Pattern (%)**


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**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, producing high duty grey iron and ductile iron castings. Its hand-moulding division has facilities for manufacturing castings upto a single unit weight of 5 tons. The company manufactures casting components for the tractor, automotive, compressor, hydraulic, and other engineering industries. The company increased its total capacity to 18,000 tonnes per annum (tpa) from 14,400 tpa at its factory in Ahmedabad. It manufactures several large cast products, such as gear box housings, axle housings, and exhaust castings.

**Financials**

Particulars (Rs in mn)	Oct '14 to Dec '14	Oct '13 to Dec '13	% Change <sup>1</sup>	Jul'14 to Sep'14	% Change <sup>2</sup>
Total income	135.7	216.8	(37.4%)	199.3	(31.9%)
Total operating expenditure	140.6	199.5	(29.5%)	197.9	(29.0%)
EBIDTA	(4.9)	17.3	-	1.4	-
EBIDTA margin	(3.6%)	8.0%	-	0.7%	-
PBT	(15.4)	8.9	-	(9.2)	-
PAT	(14.0)	6.7	-	(7.7)	-
PAT margin	(10.3%)	3.1%	-	(3.9%)	-
Cash accruals	(5.2)	12.0	-	1.0	-
EPS	-	2.3	-	-	-

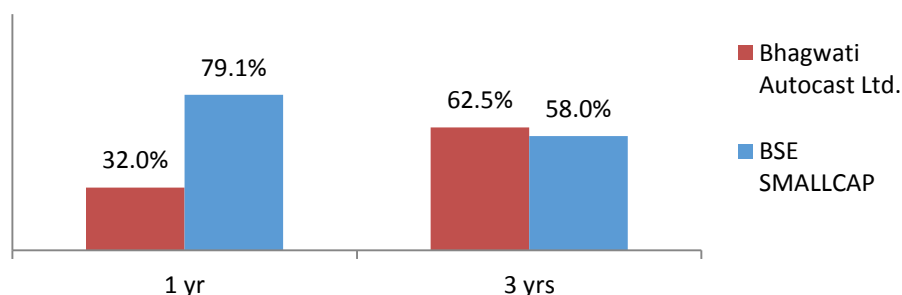
<sup>1</sup> compared to corresponding quarter in the previous year

<sup>2</sup> sequential comparisons

Source: Moneycontrol, Company

**Financial Performance**

Total income for the QE Dec 14 decreased by 37.4% to Rs. 135.7 mn from Rs 216.8 mn in the QE Dec 13 and the company made a loss of Rs 14 mn from a PAT of Rs 6.7 mn in QE Dec 13. Performance for the QE Dec 14 was even worse than the losses of Rs 7.7 mn incurred in sequential quarter of Sept 13. Profitability of the company is constrained by the current slowdown in the tractor industry, customer and industry concentration in its revenue profile, its small scale of operations, limited flexibility to pass on any increase in raw material prices to its customers on account of severe competition etc.

**Share Price Performance**


## Financials

P&L (Rs. mn)	FY12	FY13	FY14
Total income	640.6	789.3	819.6
EBIDTA	33.1	50.3	95.3
EBIDTA margin	5%	6%	12%
Depreciation	14.4	17.2	18.4
EBIT	18.7	33.1	76.9
Interest	6.1	11.9	9.5
PBT	12.6	21.2	67.4
Tax	4.8	6.5	21.9
PAT	7.8	14.7	45.5
PAT Margin	1%	2%	6%
Dividend Payout	1.6	2.4	3.0

Valuation ratios	FY12	FY13	FY14
P/E	10.4	4.0	3.9
P/BV	0.5	0.3	0.8

Balance Sheet (Rs. mn)	FY12	FY13	FY14
Share Capital	28.8	28.8	28.8
Share application money, warrants	0.0	0.0	0.0
Reserves & Surplus	131.3	143.5	187.0
<b>Net worth</b>	<b>160.1</b>	<b>172.3</b>	<b>215.8</b>
Borrowings	67.9	61.9	72.2
Current Liabilities and provisions	192.7	194.5	248.2
Net deferred tax Liabilities	16.3	19.5	20.6
<b>Total liabilities</b>	<b>437.0</b>	<b>448.2</b>	<b>556.8</b>
Fixed assets	174.8	173.8	196.1
Non-current Investments	0.0	0.0	0.0
Loans and Advances	54.5	57.2	78.3
Current Assets	207.7	216.0	282.5
<b>Total assets</b>	<b>437.0</b>	<b>448.2</b>	<b>556.8</b>

Cash Flow (Rs.mn)	FY12	FY13	FY14
PBT	12.6	21.2	67.4
CF from Operation	55.3	13.8	15.0
CF from Investment	(28.6)	(9.7)	(39.5)
CF from Financing	(17.4)	(7.7)	19.9
Inc/(dec) Cash	9.3	(3.7)	(4.6)
<b>Closing Balance</b>	<b>14.1</b>	<b>10.4</b>	<b>5.9</b>

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