

**Bharat Wire Ropes Ltd****₹111****Accreditation by BSI...!!!****Buy**

Dec 08, 2017

**Company Background**

Bharat Wire Ropes Ltd was incorporated as Bharat Ropes Private Limited on July 24, 1986. Subsequently, it became a public limited company on June 10 1992. Company is engaged in manufacturing and sales of wire ropes, structural strands, slings and wires which find its application in general engineering, fishing, elevators, cranes, material handling, power transmission, suspension bridges, onshore / offshore oil exploration, ports and shipping, mining, defence, railways etc. It is also engaged in the business of trading of the steel related products. It has a steel wire ropes manufacturing facility with an installed capacity of 12,000 MTPA is located at Atgaon, it also has a Pyrolysis plant with an installed capacity of 1,260 MTPA at Chalisgaon, Maharashtra for production of oil, which is used as fuel in current manufacturing process. Bharat wire is an ISO 9001:2008 certified company by the British Standards Institution for the manufacture and supply of steel wire ropes, stainless steel wire ropes, non-ferrous wire ropes, slings, relevant conductors, wire for specialised applications and rope fittings in domestic and international market. It also hold product approvals from RDSO, CORE, DGMS, PGCIL, IRS etc. for various ropes and wire products.

**Key Highlights**

- ➔ For the company FY 2016-17 net sales grow by 6.8% to ₹ 648.20 mn, company earned other income ₹ 32.50 mn, interest charges were down by 31.70% to ₹ 25.40 mn and finally net profit also jumped by 22.4% to ₹ 16.40 mn on YoY basis.
- ➔ On QoQ basis Company net sales were rose by 56.8% to ₹ 318.30 mn, other income is good jump by 635.34% to ₹ 208.10 mn and the net profit portion also steep increase by 952.73% to ₹ 57.9 mn for June 2017.
- ➔ For current year company has three orders to supply its wire products within India and Globally for worth ₹ 114 cr.
- ➔ Company is planning to enhance its efficiency by introducing advanced machinery that leads to lower dependency on manual labour.
- ➔ To cater customers, it proposes to set-up branch offices and increasing distribution network by appointing dealers in major cities.

**Key Financials**

Year Ended 31 <sup>st</sup>	Mar 15	Mar 16	Mar 17
Revenue (INR mn)	834.4	662.0	743.2
Rev. growth (%)	13.35	(20.66)	12.27
EBITDA (INR mn)	78.9	72.5	82.2
Net profit (INR mn)	3.3	13.4	16.4
Shares outstanding (mn)	29.4	45.0	45.0
EPS (INR)	0.1	0.3	0.4
EPS growth (%)	(84.29)	172.73	20.00
P/E (x)	412.73	151.33	269.03
RONW (%)	2.00	1.28	0.68
ROCE (%)	5.50	2.42	0.61

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**Info Codes**

Reuters	: N/A
Bloomberg	: BWRL IN
NSE	: BHARATWIRE
BSE	: 539799

**Market Data**

52 Wk Range (₹)	: 47/120
Shares in Issue (mn)	: 45
Market. Cap ( bn)	: 5.02
BSE 2 Wk Avg Vol	: 121000

**Share Holding Pattern (%)**

Promoters Holding	: 40.00
Public & Others	: 57.00
Corporate Holding	: 00.00
Foreign Institution	: 03.00
Institutions	: 00.00

**Investment Theme**

Steel & Wire manufacturing industry is growing very fast. Government is planning to double the steel production capacity & per capita consumption from the present level. Per capita consumption in India has risen from 58 kg in 2011-12 to 63 kg in 2015-16. India's consumption of finished steel products is expected to grow by 6.1% in calendar year 2017 compared with 2016. Budget had outlined an investment of ₹ 4 lakh cr on frastructure that is expected to raise consumption of steel substantially. Bharat Wire Ropes has a well-diversified customer base of more than 500 large and medium size customers across the country from different industries including oil & gas, mining, fishing, ports & marine, elevator, power transmission, railways, construction, infrastructure, defense, crane manufacturers, among others.

**Vision to become a World leader  
in Wire Ropes...!!!**

## Financial Statements

## Income Statement

(₹ mn)

Year end	Mar 15	Mar 16	% Chg	Mar 17	% Chg
Net Sales	767.2	607.0	(20.9)	648.2	6.8
Other Income	0.0	0.0	0.0	32.5	0.0
Change in Stocks	5.0	(25.4)	(608.0)	(9.8)	(61.4)
Raw Material Con.	518.4	361.1	(30.3)	468.1	29.6
Employee Exp.	86.9	83.3	(4.1)	69.9	(16.1)
Indirect Taxes	67.2	55.0	(18.2)	62.5	13.6
Other Exp.	27.3	(0.1)	(100.4)	(24.0)	23,900.0
Operating Exp.	699.8	499.3	(28.7)	576.5	15.5
Operating Profit	72.4	82.3	13.7	94.4	14.7
Total Interest	37.1	37.2	0.3	25.4	(31.7)
Gross Profit	35.3	45.1	27.8	69.0	53.0
Net Dep.	24.5	22.9	(6.5)	38.9	69.9
Total Taxation	7.6	8.8	15.8	13.8	56.8
Net Profit/Loss	3.3	13.4	306.1	16.4	22.4

## 4 Years Balance Sheet

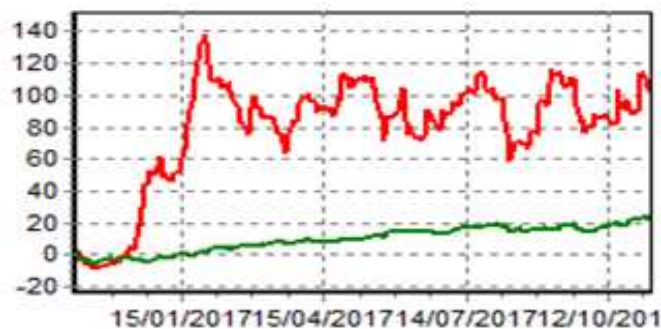
(₹ mn)

Balance Sheet as on 31 <sup>st</sup>	Mar 14	Mar 15	Mar 16	Mar 17
<b>SOURCES OF FUNDS</b>	<b>1,178.9</b>	<b>1,294.7</b>	<b>3,607.2</b>	<b>5,375.0</b>
Equity Share capital	294.0	294.0	449.5	449.5
Equity Application Money	0.0	0.0	0.0	0.0
Equity Share Warrants	0.0	0.0	0.0	0.0
Reserves & Surplus	397.5	413.1	933.4	948.7
Secured Loans	277.2	222.4	1,446.2	3,237.1
Unsecured Loans	210.2	365.2	778.1	739.7
<b>USES OF FUNDS</b>	<b>1,178.9</b>	<b>1,294.7</b>	<b>3,607.2</b>	<b>5,375.0</b>
Gross Block	831.3	841.3	857.5	3,647.0
Less : Revaluation Reserves	0.0	0.0	0.0	0.0
Less : Accumulated Depreciation	158.9	183.3	207.0	246.1
Net Block	672.4	658.0	650.5	3,400.9
Capital Work in Progress	78.7	113.7	1,593.9	1,420.8
Investments	0.0	0.0	0.0	0.0
Current Assets	662.1	578.0	1,315.4	973.0
Less : Current Liabilities	196.9	178.2	514.0	567.1
Total Net Current Assets	465.2	399.8	801.4	405.9
Misc. Expenses not writtenoff	(37.4)	123.2	561.4	147.4
<b>NOTE</b>				
Book Value of Unquoted Investments	0.0	0.0	0.0	0.0
Market Value of Quoted Investments	0.0	0.0	0.0	0.0
Contingent Liabilities	0.0	25.8	15.0	11.9
Dividend (%)	0.0	0.0	0.0	0.0

**Quarterly Income Sheets**

(₹ mn)

Quarter Ended	Sep 16	Dec 16	Mar 17	Jun 17
Net Sales	166.9	166.1	203.0	318.3
Cost Of Sales	149.0	151.2	189.0	342.9
Operating Profit	17.9	14.9	14.0	(24.6)
Other Income	0.2	3.2	28.3	208.1
Adjusted PBDIT	18.1	18.1	42.3	183.5
Financial Expenses	6.5	6.1	8.1	64.3
Depreciation	5.6	5.5	22.2	30.4
Other Write Offs	0.0	0.0	0.0	0.0
Adjusted PBT	6.0	6.5	12.0	88.8
Tax Charges	2.0	2.2	6.6	30.9
Reported Profit	4.1	4.2	5.5	57.9
Extra Ordinary Items	0.0	0.0	0.0	0.0
Other Non Cash Adjust	0.0	0.0	0.0	0.0
Adjusted Net Profit	4.1	4.2	5.5	57.9

**52 Week Index Relative Percentage Appreciation**

**Bharat Wire vs SENSEX**
**Risks Associated**

- ➔ As the company exporting its products to various countries, it leads to foreign currency risk if there is any changes in foreign currency rates.
- ➔ The demand for wire ropes is highly dependent on the growth & development of Infrastructure and Real estate sector.

**Scope of Growth**

- ➔ Energy efficient utility equipment like pump & Compressor are controlled by Variable frequency drives which saves 20 to 30% electricity. It has installed Energy efficient transformer to reduce the loss for power transformation on projects.
- ➔ Company is under process to bring technological revolution by installing high end technology for its new plant in Chalisgaon. Company has 2 manufacturing & Operating locations at Atgaon and Chalisgaon.
- ➔ Company has around ₹ 114 cr worth orders to supply its products in domestically & globally in the current financial year.
- ➔ In the last FY, company bagged an order worth ₹ 6.5 crore was given by the Defence department of India. In the future also we can expect some more orders from Indian Defence, because the Government of India is focusing on advance technology for Defence.
- ➔ Company is planning to enhance its efficiency by introducing advanced machinery & reducing its dependency on manual labour thereby capitalizing its method of production.
- ➔ To serve the South East Asian countries, Australia and Vietnam, the company proposes to set up a warehouse and sales office in Singapore. Planning to enter into the Russian and European markets by establishing dealers network.

**In a Nutshell**

Bharat Wire Ropes Ltd. takes pride in being known as one of the leading manufacturers of Steel Wire rope in India and globally. Company falls under the manufacturing of wire & steel segment which is quite cyclic. It has a diverse product mix which includes Mechanically Spliced Slings, Hand Spliced Slings, Earth Wires, Stay Wires, Guy Wires and Spiral Strands. And also, the company also has range of products like General Purpose Ropes, Fishing Ropes, Crane Ropes, Structural Ropes, Elevator Ropes, Mining Ropes, Oil & Gas Ropes & Shipping Ropes. It has 2 manufacturing locations at Atgaon and Chalisgaon, both plants are operating at optimum levels. Company takes some precautionary actions to reduce power charges by installing transformers and advanced machinery, finally company can able to reduce cost and improve efficiency. It plans to establish branch offices and distributor network by selecting dealers. In the current financial year company got 3 different work orders worth ₹ 114 cr. The demand for the products is highly dependent on the growth & development of Infrastructure & Real estate sector. Company serves the South African and the Middle Eastern markets through some of the local wire rope dealers. Its other target markets are USA, Canada, Brazil, South-East Asia, Singapore, Middle East, Russia, Africa, Europe and Australia. It has interest to enter the Russian and European markets by establishing a network of dealers. For servicing the South East Asian countries, Australia and Vietnam, company proposes to open a warehouse and sales office in Singapore. Finally it has good plans to develop the business in India and globally, by opening warehouses, branch offices and dealers network.

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**Rating Interpretation**

**Buy** : Expected to appreciate 20% or more over 12-months

**Accumulate** : Expected to appreciate 10% to 20% over 12-months

**Trade Buy** : Expected to appreciate more than 10% over 45-days

**Reduce** : Expected to depreciate up to 10% over 12-months

**Sell** : Expected to depreciate 10% or more over 12-months

**Trade Sell** : Expected to depreciate more than 10% over 45-days

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