

## Kundali of Bhansali Engineering

### Financial Background

<b>Market Cap:</b> 1387 Cr	<b>Current Price:</b> 83.6	<b>Book Value:</b> 17.57	<b>P/E:</b> 15.19	<b>Sales Growth (3Yrs):</b> 19.75 %	<b>Current ratio:</b> 1.89	<b>Quick ratio:</b> 1.40	<b>Interest Coverage Ratio:</b> 32.12	<b>Free cash flow</b> : 163.87 Cr	<b>Days Receivable Outstanding:</b> 65.60	<b>Altman Z Score:</b> 8.70
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### Business of the Company

Bhansali Engineering Polymers Limited (BEPL) is one of the two leading Petrochemical Company in India involved in the manufacturing of ABS & SAN. BEPL is a vertically integrated petrochemical company that Manufactures ABS which acts as a raw material for leading companies dealing in Automobiles, Home Appliances, Telecommunications, Luggage, Bus Body and various other multifaceted applications.

**Key Risk in the Business:** They Import Raw Material from outside India and their raw materials are again dependent on Oil for their raw materials. So Rising Dollar and Oil are big issue to be handle for the company.

### IZ Review

<b>Valuation Matrix:</b> <b>1.</b> P/E = 15.19. <b>2.</b> P/B=4.19. <b>3.</b> Mcap/Sales= 1.25 <b>4.</b> EV/EBITDA=8.85	<b>The company's valuation at CMP looks reasonable.</b>	<b>Profitability Matrix:</b> <b>1.</b> Operational Profit Margins=15% <b>2.</b> Net Profit Margins= 9.66%	<b>The OPM and NPM are decent for the business.</b> <b>The most important aspect which we look in OPM and NPM is they should be growing.</b> <b>In case of Bhansali , OPM and NPM has shown growth of 47% and 100% from last year.</b>	<b>Return Ratios Matrix</b> <b>1.</b> ROE= 47.35% <b>2.</b> ROCE= 58%	<b>Return Ratios greater than 25% are considered good businesses.</b> <b>BEPL have super Return Ratios.</b>
<b>Liquidity Ratios:</b> <b>1.</b> Current Ratio=1.89 <b>2.</b> Quick Ratio= 1.40	<b>The Current Ratio and Quick Ratio above 1.5 and 1 respectively are safe bet in term of liquidity aspect in the business.</b>	<b>Leverage Ratio:</b> <b>1.</b> D/E= 0.00 <b>2.</b> Interest Coverage Ratio= 32.12	<b>The Company is almost debt free. The Interest Coverage Ratio above 5 shows company ability to pay Interest on debt in time from operational cash.</b>	Altman Z =8.70	<b>Altman Z score above 3 shows the chances of company going bankruptcy in near future is next to nil.</b>
<b>Free Cash Flow</b> 163 Cr	<b>The Free Cash flow in the business is the life line and it act as a crucial factor in the growth of the company. The Bhansali has generated steady cash flows of close to 267 Cr in the last 5 years.</b>				

**Note: The Analysis done is only for the Education Purpose only.**





