

## Bharatiya Global : Weak Issue ; Avoid IPO Note: High PE Ratio ; Expensive Issue Ranking:\*

### Issue details

Price band (Rs)	Rs. 75 - 82
IPO Opening Date	11/07/11
IPO Closing Date	14/07/11
Issue Size	Rs.50.40 - 55.10 Crore

### Valuations & Recommendation

A substantial amount of the issue proceeds will be used for building corporate offices, repayment of loan, which will not result in revenue accretion. Also the company is highly dependent on few of its customers, with top five contributing almost 50% of total revenue. There are some legal issues pending against company and if they goes against it might put the reputation and financial condition under trouble. **At a price band of Rs 75 to Rs 82 per equity share, the P/E works out to around 26.1 to 28.5 times FY 2011 EPS of Rs 2.9 on expanded equity of Rs.15.8 crore after initial offer. Though, other peers like Bartronics India is available at better valuation. We recommend to **AVOID** this issue.**

### Highlights:

- **BGIL is a technology based company focusing on the sectors such as Information Technology security and compliance automation software solutions and technology related to media & entertainment industry with focus on Research & Development.**
- **The project is not appraised by any bank, order for machineries not placed.**
- **CARE has assigned 'CARE IPO GRADE 2', indicating below average fundamentals to the Initial Public Offering of the Company**
- **The company had negative cash flow in the last four years.**
- **The total revenue has increased to RS.46.34 Crore during 2009-10 from Rs.33.59 Crore during 2008-09. For FY 11 the revenue stood at Rs 70.99 Crore. The profit after tax for FY 10 and FY11 were Rs 2.72 cr and Rs.4.55 cr respectively.**

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