

RETAIL
RESEARCH

Gremach Infrastructure Equipments & Projects Ltd.

Sector: Engineering - Turnkey Services

Initial Public Offering Prospectus Extracts

Company overview

The company was incorporated in name of Gremach Commerce Pvt. Ltd. on 12th June 1991. It was converted into a public limited company on January 12, 1996. The company's name was changed to Gremach Infrastructure Equipments & Projects Limited with effect from August 09, 2005.

Their main activity is to provide rental of construction / earthmoving machineries to medium/ large construction companies who are engaged in the business of constructing/building of roads, airports, power projects, institutional & industrial complexes, multiplexes and residential buildings and other related infrastructural activities chiefly catering to Public Sector undertakings, private sector, CPWD and various national & international government aided projects.

Issue Details

Type of Issue	: Book Building
Issue Size	: 6.5m Equity Shares
Price	: Rs.75 – Rs.90
Issue Opens	: March 08, 2007
Issue Closes	: March 14, 2007
Minimum Bid Lot	: 70 Equity shares and in multiples of 70 thereafter
Listing	: BSE
Book Running Lead Managers	: RR Financial Consultants Ltd.
Registrar to the Issue	: Intime Spectrum Registry Ltd.

Profile

Quality Management

Gremach Infrastructure Equipments and Projects Ltd. (GIEPL) believes in quality management and has taken several steps in this regard. It has put in place reporting structures and feedback mechanisms in place enabling the management to take effective and timely decisions. This translates to improvement in the service quality to the clients.

Financial Management

The company has utilized its financial resources adequately. It has ploughed back almost all its profits for the last three years for the expansion of its business activities. It also has line of credit of Rs.14.5crs with the banks that are being utilized for acquisition of new equipments.

Research and Development

To reduce costs the company develops its own spares, ties up with local manufacturers or imports it directly from suppliers where the prices are lower. The Research & Development team has started to develop its own spare parts, so as to save costs and optimize performance. On an average heavy construction equipment has over 2000 types of spares, of which about a 100 are classified as critical in terms of frequency of use and costs. The R&D team analyses the usage and the wear and tear of various consumables and spares.

Clientele Base

The company has a very strong clientele base that includes all the major infrastructure players in the country such as Larsen & Toubro Ltd., Punj Lloyd Ltd., Shapoorji Pallonji & Co. Ltd., Gammon India Ltd., Hindustan Const. Co. Ltd., Gannon Dunkerley & Co. Ltd. etc.

Retail Research

Viren Bajalia e.info@idbicapital.com 91-22-6637 1187

IPO Sales
 Ambresh Hanmanthu ambresh@idbicapital.com 91-22-6637 1202
 Prashant Sawant prashant.sawant@idbicapital.com 91-22-6637 1203

Production & Database

S. Narasimhan Rao narasimhan.rao@idbicapital.com 91-22-6637 1165

Objects to the issue

- To acquire equipments used for construction of roads, construction and development of ports and equipments used in mining activities and provide them on rent thereof.
- General Corporate Purposes
- To meet the Issue Expenses.
- To get the shares listed on Stock Exchange.

Intended use of proceeds

■ Cost of the project

(Rs m)

Particulars	Amount
Purchase of Construction Equipment	609.9
General Corporate Purpose	66.1
Public Issue Expenses	59
Total	735

Source: Company data, IDBI Capital Market Services

■ Means of finance

(Rs m)

Particulars	Amount
Public Issue	590
Term Loan	145
Total	735

Source: Company data, IDBI Capital Market Services

Financial history

■ Profit & loss account

(Rs m)

Year-end: March	FY04	FY05	FY06
Net Sales	302	474	759
Other Income	3	-	1
Stock Adjustments	0	5	1
Total Income	306	479	760
Total Expenditure	271	407	651
Operating Profit	36	71	109
Interest	2	5	6
Depreciation	23	37	42
Tax	1	3	5
Deferred Tax	3	8	15
Reported Net Profit	7	19	40

Source: Company data, IDBI Capital Market Services

Balance sheet

(Rs m)

Year-end: March	FY04	FY05	FY06
Share Capital	73	73	84
Reserves Total	33	51	180
Total Shareholders Funds	106	124	264
Secured Loans	20	67	17
Unsecured Loans	-	-	35
Total Debt	20	67	52
Total Liabilities	126	191	316
Net Block	85	140	236
Total Current Assets	109	210	300
Total Current Liabilities	61	144	192
Net Current Assets	47	66	108
Miscellaneous Expenses not written off	-	-	2
Net Deferred Tax	(6)	(15)	(30)
Total Assets	126	191	316

Source: Company data, IDBI Capital Market Services

Ratios

(Rs m)

Year-end: March	FY04	FY05	FY06
Key Ratios			
Earnings Per Share-Unit Curr	0.9	2.6	4.8
Book Value-Unit Curr	14.5	17.0	31.6
Debt-Equity Ratio	0.2	0.4	0.3
Long Term Debt-Equity Ratio	0.2	0.4	0.3
Current Ratio	1.8	1.4	1.3
Turnover Ratios			
Fixed Assets	2.3	2.4	2.4
Inventory	168.0	110.2	109.1
Debtors	4.3	3.9	3.9
Interest Cover Ratio	5.9	6.9	11.9
PBIDTM (%)	11.7	15.1	14.3
PBITM (%)	4.1	7.3	8.8
PBDTM (%)	11.0	14.0	13.6
CPM (%)	9.8	11.8	10.9
APATM (%)	2.2	4.0	5.3
ROCE (%)	10.3	21.7	26.3
RONW (%)	6.3	16.3	20.7

Source: Company data, IDBI Capital Market Services

IDBI Capital Market Services Ltd. (A wholly owned subsidiary of IDBI Ltd.)

Registered Office: 5th floor, Mafatlal Centre, Nariman Point, Mumbai – 400 021. Phones: (91-22) 6637 1212 Fax: (91-22) 2288 5850 Email: info@idbicapital.com

Disclaimer

Please note that this is an extract from the Red Herring Prospectus. Investors are requested to refer to the Red Herring Prospectus for details regarding the issue, the issuer company and the risk factors before taking any investment decision. This information is for general information purpose only, without regard to specific objectives, financial situations and needs of any particular person. Investors should read Red Herring Prospectus / seek professional advice before taking any actions. Please note that investment in securities is subject to risks including loss of principal amount and past performance is not indicative of future performance. IDBI Capital Market Services Ltd. does not accept any liability whatsoever direct or indirect that may arise from the use of the information herein. The information contained herein does not constitute an offer or an invitation for an offer to invest. By accessing these materials you acknowledge and agree that they are for internal use only. These materials summarise certain points related to the offering and they are not a comprehensive summary. You should refer to the Red Herring Prospectus for more complete information. You understand that under no circumstances may these materials or any part thereof be provided to persons outside India.