

26<sup>th</sup> November, 2007

Key Data	
BSE Code	532762
CMP, Rs	480
No. of Shares, mn (Diluted)	18.0
Face Value	10.0
Mcap, Rsm	8630
Mcap, USD mn @ 40	2157.6
52 week H/L	580 / 162
Avg. Daily Vol. BSE	21576
Share holding, Sept'07	
% Holding	
Promoters	65.2%
Mutual Funds And UTI	16.8%
FII's	4.1%
PCB's	4.1%
Public & Others	9.8%
<b>Total</b>	<b>100%</b>
Holding >1% (Non Promoter)	
ML cap mkt Espana SASV	2.07%
Std Chtd Trust Co	1.31%
Bennett Coleman & Co.	2.23%
J M Financial MF	2.66%
J M Trustee Co. Ltd.	5.74%
Birla Sun Life Trustee Co.	1.47%

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## Investment Rationale

### Thrust on infrastructure:

Robust economic growth with GDP growing at 8+% and Government's increasing focus on infrastructure would see huge spending in the sector. According to estimates India may see ~\$500bn investment on infrastructure development in next five years. This coupled with higher IIP growth has resulted in a surge in demand for various construction and material handling equipment. **ACE being the leading player in hydraulic mobile cranes and tower cranes** is well poised to benefit from this opportunity.

### Capacity addition to capture higher demand & market share

The mobile crane sector is reporting an annual growth rate of ~40% - 50%. ACE commands ~50% market share in the domestic market.

ACE has recently set up a new plant in Uttaranchal to manufacture 100 cranes per month has also added capacity to produce 50 backhoe loaders per month in its Dudholla plant with a capex of ~ Rs 200mn. ACE is planning to invest Rs 100-150mn for creating additional capacities in FY09 and FY10 each.

### Improving operating and net margins

ACE is slated to see improvement in operating margins from 10.6% in FY07 to 12.9% in FY09F. IN FY07 operating margins declined due to discounts given by the company to keep pace with the competition. We expect the margins to improve mainly on account of better realization and better product mix after new capacities gets stabilize.

Net profit margin will see a higher growth to 10.8% in FY09 due to lesser tax outgo as the crane manufacturing plant in Uttaranchal will enjoy tax benefit reducing the net tax rate from 29% in FY07 to 18% by FY09F.

### Romanian Acquisition - Icing on the cake

ACE has acquired ~90% equity stake in Romanian Company viz. SC FORMA SA-Romania for ~Rs 120mn via its overseas subsidiary (100%). ACE will sell its products in European market via this company. We believe this company to bring substantial value to ACE in the coming years. However at present we have not factored any revenues from this acquisition.

### Valuations

We estimate ACE's revenue and profits to grow at CAGR of 48% and 71% respectively, between FY07 and FY09F. We expect ROE to improve substantially to 42% in FY09F from 24% in FY07. At CMP of Rs 480 stock is trading at 23.7x FY08F EPS of Rs 20.2 and 14.8x FY09F EPS of Rs 32.5. Given the growth in the industry, market leadership and growing margins; we initiate coverage with **BUY below Rs450 levels**.

Brief Financials	Revenues	growth	EBITDA	PAT	growth	EPS	P.E	EV/	ROE
Rsm		%			%	Rs	x EBITDA, x	x	%
FY05A	878.0	155%	73.1	40.5	1572%	24.2	19.8	118.2	38%
FY06A	1656.8	89%	204.0	126.9	213%	9.5	50.6	42.1	45%
FY07A	2452.7	48%	259.9	199.3	57%	11.1	43.3	32.0	24%
FY08F	3600.0	47%	425.8	363.6	82%	20.2	23.7	19.9	34%
FY09F	5376.3	49%	691.9	584.5	61%	32.5	14.8	12.4	42%

Source: Company & Sunidhi Research



## Investment Rationale

### Thrust on infrastructure:

*Spending on infrastructure expected to increase to 8-9% of GDP by 2012*

Robust economic growth with GDP growing at 8+% is backed by increasing capital expenditure by core industries. To sustain the GDP growth of 8+% Government's increasing focus on improving infrastructure which will see heavy infrastructure spending over next five years. Infrastructure spending presently stands at 4.5% of GDP, and is expected to increase to 8% - 9% of GDP by FY12. According to estimates India may see ~\$500bn investment on infrastructure development in next five years. This coupled with higher IIP growth has resulted in a surge in demand for various construction and material handling equipment.

*Well placed in a fast growing segment with market share of ~50% in cranes.*

Indian construction and material handling equipment industry is growing at ~30% CAGR compared with mere ~5% CAGR for global construction and material handling equipment industry. **AEC being the leading player in hydraulic mobile cranes and tower cranes** and also present in other segments like Backhoe loaders, Forklift, Lorry Loader cranes etc is well poised to benefit from this opportunity.

### Capacity addition to capture higher demand & market share

The mobile crane sector is reporting an annual growth rate of ~40% - 50%. ACE commands ~50% market share in the domestic market.

*Rs 200mn Capex done in 2008 started generating revenues*

ACE has recently set up a new plant in Bazpur, Uttaranchal to manufacture 100 cranes per month this has increased the total crane manufacturing capacity from 200 cranes to 300 cranes per month. ACE has also added capacity to produce 50 backhoe loaders per month in its Dudholla plant where it also makes forklift with the capacity of 50 units per month. For the above expansion ACE has done a total capex of ~ Rs 200mn.

*Further capacity addition on cards for FY09 and FY10 revenues*

ACE is planning to invest Rs 100-150mn for creating additional capacities in FY09 and FY10 each. This amount will be mainly use to increase its crane capacity in Uttaranchal by around 150-200 units per month and to increase its backhoe loader capacity in its Dudholla plant. ACE is aiming to be the 2nd largest player in backhoe loaders after JCB in next 3 years.

### Improving operating and net margins

*Operating efficiency, better realization and product mix would deliver 230bps increase in OPM*

ACE is slated to see improvement in operating margins from 10.6% in FY07 to 12.9% in FY09F. IN FY07 operating margins declined mainly due to increase in raw material costs such as steel and discounts given by the company to establish itself in the new product segment and to maintain market share in the existing products. We expect the margins to improve mainly on account of better realization and better product mix after new capacities gets stabilize.

*Strategically located plant in tax free zones will lead to better NPM*

Net profit margin will see a higher growth to 10.8% in FY09 due to lesser tax outgo as the crane manufacturing plant in Uttaranchal will enjoy tax benefit reducing the net tax rate from 29% in FY07 to 18% by FY09F.

The assembly unit in Bazpur, Uttaranchal will be eligible for income tax benefit under Sec 80-IC for 100% of Profit and Gains of this unit for the first five (5) years of commencing with the initial assessment year and 30% for the next 5 assessment years.

### Romanian Acquisition - Icing on the cake

*Overseas acquisition would open up new markets and global footprint for ACE's products*

ACE has acquired ~90% equity stake in Romanian Company viz. SC FORMA SA-Romania for ~Rs 120mn via its overseas subsidiary (100%). ACE will sell its products in European market via this company, a lot of investment and infrastructure development is expected to start there. Romania along with Ukraine and few other countries does not have big organized equipment manufacturer leaving enough potential to sell company's products in European markets.



There ACE can sell its products at much higher realization than in India and can enjoy EBITDA margins as high as 25%. Company is expecting to earn revenues of around Rs 200-300mn in FY09.

We believe this company to bring substantial value to ACE in the coming years. However at present we have not factored any revenues from this acquisition in the absence of any clear scope at present.

### Valuations

We estimate ACE's revenue and profits to grow at CAGR of 48% and 71% respectively, between FY07 and FY09F. We expect ROE to improve substantially to 42% in FY09F from 24% in FY07. At CMP of Rs 480 stock is trading at 23.7x FY08F EPS of Rs 20.2 and 14.8x FY09F EPS of Rs 32.5. Given the growth in the industry, market leadership and growing margins; we initiate coverage with **BUY below Rs450 levels**.

*Revenue and profits to grow at CAGR of 48% and 71% respectively*

### Concerns

- The sector is directly related with the infrastructure and Industrial growth. Any slowdown in these sectors will affect the company.
- Entry of foreign players into Indian markets. ACE is currently importing spare parts for certain products and assembling them in India. However if these foreign players set up their own units and directly cater to Indian market then it would impact the company's business.
- Raw material (mainly steel) comprises ~75% of the total cost. Increase in steel prices may impact the earning estimates and profitability of the company.
- ACE operates mainly as assembly company, where in it buys equipments, assembles and then sells it in the market. There is risk of competition coming in the absence of any major entry barrier in the sector. Increasing competition or launch of new and innovative products by the competitor may impact company's business.



Industry Scenario

Investments in infrastructure in India are poised to grow at 9% of GDP from the current 5% by 2012. The economy looks to increase investments in building and upgrading its public infrastructure that can sustain massive economic and population growth. Construction and Infrastructure Equipment Industry plays a vital role in this economic development. This industry is closely linked with major development and infrastructural sectors such as coal and mineral mining, irrigation, road and power projects, ports, steel, cement, fertilizers, etc.

The construction and infrastructure industry are the primary users of the heavy earthmoving equipments in India. The organized construction sector accounts for 50-55% of the total construction equipment industry which is growing at around 25% - 30% per annum, on the back of sustained economic development with special emphasis on infrastructure development by the government and private organizations. The construction and mining equipment industry in India is ~ \$ 2.5bn and is expected to reach nearly ~ \$4.5bn by the year 2010.

Construction equipments as a percentage of construction cost in various sectors are given as below;

Particulars	Construction Equipment Cost as a % of Construction Cost
Building	4.5
Roads	21-23
Bridges	16-18
Dams	21-23
Power	21-24
Railway	6-8
Mineral Plant	20-22
Medium Industry	7-9
Transmission	5-7

Source: Company

Company Background

Action Construction Equipment Limited, an ISO 9001 certified company is a leading manufacturer in construction equipments in India. It is based in industrial township of Faridabad, 45 kms from Delhi. It started with manufacturing of Hydraulic Mobile Cranes of different capacities under the brand name of "ACE" at Faridabad and now has three plants in Faridabad (Ballabgarh), Dudholla (Faridabad) and Bazpur (Uttaranchal). It is an established manufacturer of hydraulic mobile cranes, mobile tower cranes and construction equipment and enjoys a consolidated presence in all major infrastructures, Construction, Heavy Engineering and Industrial Projects throughout the country.

ACE commands ~ 50% market share in its core products, hydraulic mobile cranes, mobile tower cranes and fixed tower cranes. These products contribute over 80% of the total revenue. 50-60% of their revenues come from repeat orders. ACE has recently increased its capacity of manufacturing cranes, and has forayed into forklifts and loaders which will alleviate their revenues and will help the company to strengthen its position as a construction equipment company.

The Company has entered into marketing tie-ups with leading companies like Autogru PM-Italy, Zoomlion China, Maber-Italy which facilitates availability of latest technology and machines from around the world.

Company has incorporated a wholly owned overseas subsidiary (WOS) Company at Cyprus viz. M/s FRESTED LIMITED, and through it, it has acquired ~90% equity stake in a Romanian Company viz. SC FORMA SA, Romania.

Three assembly plants in Ballabgarh, Dudholla and Bazpur (Uttaranchal)



## Product portfolio

The Company designs, manufactures, sells and provides product support for the following equipment:

- ▶ Hydraulic Mobile Cranes
- ▶ Mobile Tower Cranes
- ▶ Fixed Tower Cranes
- ▶ Backhoe & Wheeled Loaders
- ▶ Lorry Loader Cranes, in tie-up with Autogru PM-Italy
- ▶ Forklift Trucks



### HYDRAULIC MOBILE CRANES

Hydraulic Mobile Cranes are widely used throughout Engineering, Construction and Infrastructure industry. These machines are rough terrain, pick and carry type, used for loading, unloading, moving, shifting and erecting materials. The Company currently manufactures these cranes of **3 tons to 20 tons capacity**. The Company is also in the process of developing higher capacity cranes. At present ACE has capacity to sell 300 cranes per month and commands ~50% market share in this segment.



### MOBILE/FIXED TOWER CRANES

Tower Cranes are basically used for civil construction. Mobile Tower Cranes are self-erecting /self-folding machines. These have provisions for built-in generators to provide electricity needed to operate the machines. The Company currently manufactures Mobile Tower Cranes, which can work in 6 to 12 storied buildings. Fixed Tower Cranes are also used in civil construction, but they are larger in size. These cranes have maximum lifting height of 240 meters and a working radius of up to 70 meters. ACE has sold 50 mobile tower cranes and 36 fixed tower cranes in Q2FY08.



### BACKHOE & WHEELED LOADERS

Front End Loader has a front loading bucket, while a Backhoe Loader has an excavating bucket at the rear too. These machines are used in the construction and infrastructure sector for digging, moving, grading and loading earth and other loose aggregates. The total market for this product is ~ 1250 units per month at present JCB commands ~90% market share in this segment. ACE launched this product recently and sold 40 units in Q2FY08.



### LORRY LOADER CRANES

Currently, the Company imports these machines from **Autogru PM-Italy** and mounts them on Indian truck chassis. These machines are widely used in Europe, America and other developed countries. It can lift loads and transport it on its own chassis. These are available from **2-ton/meter to 80 ton/meter**.



### FORKLIFT TRUCKS

The Company is supplying both battery operated and diesel operated Forklift Trucks with a lifting capacity of 1.5 ton to 10 Tons.

The company recently forayed into Forklift trucks and loaders. In the first quarter after introduction of these two products the company is facing huge demand for these products and this will even add to its growth prospects. ACE has a capacity to sell 50 forklifts per month.

**The company is going to introduce two more new products named concrete pump set and piling lift. Currently no one manufactures these products in India, so the company is going to avail the first mover advantage.**





*Well diversified dealer network with 62 outlets including 5 Zonal head offices*

### Geographical Spread

The company currently has around 62 outlets through out India including 5 zonal head offices which make its presence nearer to its customers. All these outlets are fully equipped to provide genuine spare parts and services by company trained engineers. These dealer ship outlets are supported by the company product support office situated at Faridabad and company offices at various places like Delhi, Mumbai, Chennai, Kolkata, Vizag, Raipur, Ranchi etc.

The company participated in an Exhibition called "BAUMA 2007" at Munich, Germany in the month of April 2007. It's the biggest exhibition for construction equipment in the world.

### Customer base

*Over 5000 customers with almost all major companies in core sectors*

The Company has sold its equipment to most of the leading Private and Government Sector Companies in India such as Reliance, ABG, L&T (ECC), BSES, BHEL, Punj Lloyd, Essar, Gammon India, Nagarjuna Construction, Gujarat Ambuja, IISCO, Simplex Concrete, Coal India, BSNL, Gannon Dunkerley, Bhushan Steel, PSL, ISPAT, IVRCL, Indian Railways, Adani Port, NTPC, IOCL, Shapoorji Pallonji, Alstom, NHPC, UB, ACC, Tata, Kalpataru, KEC, Krupp, Airport Authority of India, Ministry of Defense, HPCL, IPCL, Unitech, Welspun, Aditya Birla Group etc.

ACE exports its equipment to various overseas markets like UAE, Qatar, Kuwait, South Africa, Kenya, Nigeria, Sri Lanka, Mauritius, Nepal, Bangladesh and Singapore etc. In order to establish its footprint and tap the European market, ACE has acquired 90% stake in a Romanian company called SC Forma SA-Romania.

### Competitors

Name of product	Major Competitors
Hydraulic Mobile Cranes	Escorts Construction Equipment Ltd and TIL
Mobile Tower Cranes	Shirke and Bhai
Back Hoe Loaders	JCB, L&T, Terex, CAT and BEML
Lorry Loader Cranes Equipment	TIL , Escorts Construction Ltd. and Imports
Mast Climbing Platforms/Lifts	Imports
Tower Cranes	Shirke, Bhai and Imports
Aerial Access Platforms	Imports

Source : Company

### New product launch

*New products to diversify and de-risk business model also to strengthen position as construction equipment manufacturer*

To strengthen its position in the industry and to gain market share ACE is planning to introduce several new products in the coming months such as concrete pump, piling rig, tractors etc.

A concrete pump is a tool for transferring liquid concrete by pumping. It is commonly referred to as a 'trailer pump' or 'line pump'. Trailer pumps normally pump concrete are used for smaller volume concrete placing applications such as swimming pools, sidewalks, and single family home concrete slabs. Market size is about 1100-1400 units and costs around Rs 1.6-1.7mn/unit. ACE is aiming to sell around 500 units in next 3-4 years.

Piling rigs works 40 to 50 meters below the ground level; it is used in projects such as metros rails, bridges or bigger building projects. The average price of this machine is around Rs 26-27mn. The total size of this market is around 150 units.



**Q2FY08 Financial performance**

- Net sales grew 77% YOY from Rs 520mn to Rs 921mn on account of better pricing and product mix compared to the same quarter last year
- EBITDA margins have gone up from 12.0% to 12.4% QOQ
- Net profit has gone up 119% YOY and 23% QOQ from Rs 42mn in Q2FY07 and Rs 76mn in Q1FY08 to Rs 93mn
- Net profit margin has gone up from 38bps QOQ and 122bps YOY to 9.2% on account of benefits started accruing from lower tax outgo
- Other income stood at Rs 26mn out of which Rs 18mn is for service charges received against the services provided for fixed tower cranes
- In the second quarter the company sold 733 units of pick and move cranes, 50 units of mobile tower cranes, 70 units of forklift truck, 40 units of backhoe loaders and 30 units of tower cranes.

<b>Income Statement</b>									
<b>Rsm</b>	<b>Q2FY07</b>	<b>Q1FY08</b>	<b>Q2FY08</b>	<b>QOQ</b>	<b>YOY</b>	<b>1HFY07</b>	<b>1HFY08</b>	<b>YOY</b>	<b>FY07</b>
<b>Net Sales</b>	<b>520</b>	<b>835</b>	<b>921</b>	10%	77%	<b>1012</b>	<b>1756</b>	74%	<b>2453</b>
<b>Service charges</b>		<b>13</b>	<b>18</b>				<b>30</b>		
<b>Expenditure</b>									
Inc/Dec in stock									
Raw Materials	394	632	689	9%	75%	766	1321	72%	1889
<i>% to sales</i>	<i>76%</i>	<i>76%</i>	<i>75%</i>			<i>76%</i>	<i>75%</i>		<i>77%</i>
Staff Cost	13	21	27	30%	107%	25	48	95%	86
<i>% to sales</i>	<i>3%</i>	<i>2%</i>	<i>3%</i>			<i>2%</i>	<i>3%</i>		<i>4%</i>
Other expenditure	46	82	91	11%	96%	791	172	-78%	1975
<i>% to sales</i>	<i>9%</i>	<i>10%</i>	<i>10%</i>			<i>78%</i>	<i>10%</i>		<i>81%</i>
<b>Total Expenditure</b>	<b>453</b>	<b>734</b>	<b>807</b>	10%	78%	<b>883</b>	<b>1542</b>	74%	<b>2193</b>
<b>EBITDA</b>	<b>67</b>	<b>100</b>	<b>114</b>	14%	70%	<b>128</b>	<b>215</b>	67%	<b>260</b>
<b>Other Income</b>	<b>1</b>	<b>2</b>	<b>8</b>			<b>3</b>	<b>10</b>		<b>38</b>
<b>Gross Profit</b>	<b>68</b>	<b>102</b>	<b>122</b>	19%	80%	<b>131</b>	<b>225</b>	71%	<b>298</b>
Interest	1	1	3			2	3		4
Depreciation	3	6	7			5	13		13
<b>PBT</b>	<b>64</b>	<b>95</b>	<b>113</b>	18%	75%	<b>124</b>	<b>208</b>	67%	<b>281</b>
Tax	22	20	20			42	39		82
<b>PAT</b>	<b>42</b>	<b>76</b>	<b>93</b>	23%	119%	<b>82</b>	<b>169</b>	106%	<b>199</b>
EPS, Rs (Annu.)	9.4	16.9	20.7			9.1	18.8		11.1
OPM	12.9%	12.0%	12.4%			12.7%	12.2%		10.6%
NPM	8.0%	8.8%	9.2%			7.8%	9.0%		6.6%
TAX	34.1%	20.7%	17.4%			34.0%	18.9%		29.1%

Source: Company & Sunidhi Research



<b>Valuations Summary</b>	<b>FY05A</b>	<b>FY06A</b>	<b>FY07A</b>	<b>FY08F</b>	<b>FY09F</b>
Revenues, Rsm	878.0	1656.8	2452.7	3600.0	5376.3
growth, %	155%	89%	48%	47%	49%
EBITDA, Rsm	73.1	204.0	259.9	425.8	691.9
Net profit, Rsm	40.5	126.9	199.3	363.6	584.5
growth, %	1572%	213%	57%	82%	61%
EPS, Rs	24.2	9.5	11.1	20.2	32.5
CEPS, Rs	27.2	10.0	11.8	21.1	33.9
P/E, x	19.8	50.6	43.3	23.7	14.8
P/Bv, x	8.7	16.3	7.9	6.4	4.9
EV/EBITDA, x	118.2	42.1	32.0	19.9	12.4
Mcap/Sales, x	9.8	5.2	3.5	2.4	1.6
Dividend Payout, %	0%	44%	32%	29%	29%
<b>Key Ratios</b>	<b>FY05A</b>	<b>FY06A</b>	<b>FY07A</b>	<b>FY08F</b>	<b>FY09F</b>
OPM %	8%	12.3%	10.6%	11.8%	12.9%
NPM %	5%	7.7%	8.1%	10.1%	10.9%
ROE %	38%	45%	24%	34%	42%
ROA %	52%	47%	24%	32%	39%
D/E x	0.2	0.0	0.1	0.1	0.0
Asset Turnover Ratio x	0.1	10.9	7.7	9.6	10.2
<b>Growth Ratios</b>	<b>FY05A</b>	<b>FY06A</b>	<b>FY07A</b>	<b>FY08F</b>	<b>FY09F</b>
Income growth	155%	89%	48%	47%	49%
Operating Profit growth	729%	179%	27%	64%	62%
Earnings growth	1572%	213%	57%	82%	61%
<b>Income Statement</b>	<b>FY05A</b>	<b>FY06A</b>	<b>FY07A</b>	<b>FY08F</b>	<b>FY09F</b>
<b>Rsm</b>					
<b>Revenues</b>	878.0	1656.8	2452.7	3600.0	5376.3
Raw Materials	693.4	1237.8	1860.8	2718.0	4032.2
Manufacturing Expenses	36.7	74.4	126.2	180.0	268.8
Employment Costs	27.5	49.0	62.9	81.8	114.5
Administrative expenses	47.3	91.7	142.8	194.4	268.8
<b>Operating Expenditure</b>	804.9	1452.8	2192.8	3174.2	4684.4
<b>Operating Income</b>	73.1	204.0	259.9	425.8	691.9
Other Income	1.3	3.1	38.3	50.0	50.0
<b>Gross Profits</b>	74.5	207.1	298.3	475.8	741.9
Finance and Interest Costs	2.0	1.4	4.4	4.8	3.9
Depreciation	5.1	7.2	12.9	16.5	25.2
<b>Profit Before Tax</b>	67.4	198.5	281.0	454.4	712.8
Tax	23.7	71.6	81.7	90.9	128.3
<b>Profit after Tax</b>	43.7	126.9	199.3	363.6	584.5
Extraordinary items	3.2	0.0	0.0	0.0	0.0
<b>Net Profit</b>	40.5	126.9	199.3	363.6	584.5

Source: Company & Sunidhi Research





<b>Balance Sheet</b>					
<b>Rsm</b>	<b>FY05A</b>	<b>FY06A</b>	<b>FY07A</b>	<b>FY08F</b>	<b>FY09F</b>
<b>Sources of Funds</b>					
Equity Share Capital	16.7	133.8	179.8	179.8	179.8
Reserves & Surplus	75.4	260.9	911.2	1173.2	1589.4
<b>Net Worth</b>	<b>92.1</b>	<b>394.7</b>	<b>1091.0</b>	<b>1353.0</b>	<b>1769.2</b>
Secured	25.7	15.1	80.6	80.6	30.6
Unsecured	0.0	0.0	0.0	0.0	0.0
<b>Loan Funds</b>	<b>25.7</b>	<b>15.1</b>	<b>80.6</b>	<b>80.6</b>	<b>30.6</b>
Deffered Tax Liability	0.7	-0.2	3.1	3.1	3.1
<b>Total Liability</b>	<b>133.0</b>	<b>424.1</b>	<b>1189.2</b>	<b>1451.2</b>	<b>1817.4</b>
<b>Application of Funds</b>					
Gross Block	64.4	151.7	320.4	375.7	525.7
Less: Depreciation	20.9	27.2	39.0	55.5	80.8
Net Block	43.6	124.6	281.4	320.2	444.9
WIP	0.0	2.4	5.3	50.0	0.0
<b>Net Fixed Assets</b>	<b>43.6</b>	<b>126.9</b>	<b>286.7</b>	<b>370.2</b>	<b>444.9</b>
<b>Investments</b>	<b>0</b>	<b>0</b>	<b>0.1</b>	<b>120.1</b>	<b>150.1</b>
<b>Current Assets</b>					
Inventories	65.8	122.9	250.1	443.8	662.8
Debtors	89.1	210.6	392.6	542.5	736.5
Cash and Bank	8.0	66.6	398.4	234.0	106.7
Loans and Advances	19.6	177.2	511.8	493.2	589.2
Other Current Assets	0.0	0.0	0.0	0.0	0.0
Current Liabilities	68.4	187.4	439.7	542.5	662.8
Provisions	24.7	96.1	210.8	210.0	210.0
<b>Net Current Assets</b>	<b>89.4</b>	<b>293.8</b>	<b>902.4</b>	<b>960.9</b>	<b>1222.4</b>
Misc Expnses	0.0	3.3	0.0	0.0	0.0
<b>Total Assets</b>	<b>133.0</b>	<b>424.1</b>	<b>1189.2</b>	<b>1451.2</b>	<b>1817.4</b>
<i>Source: Company &amp; Sunidhi Research</i>					



<b>Cash flow statement</b>					
<b>Rsm</b>	<b>FY05A</b>	<b>FY06A</b>	<b>FY07A</b>	<b>FY08F</b>	<b>FY09F</b>
Cash flow from operations	46	134	212	380	610
Cash for working capital	(41)	(146)	(277)	(223)	(389)
<b>Net operating cash flow- A</b>	<b>5</b>	<b>(12)</b>	<b>(65)</b>	<b>157</b>	<b>221</b>
Net purchase of fixed assets	(9)	(90)	(172)	(96)	(100)
Net Purchase of investments	-	-	(0)	(120)	(30)
<b>Net cash flow from investing- B</b>	<b>(9)</b>	<b>(90)</b>	<b>(172)</b>	<b>(216)</b>	<b>(130)</b>
Proceeds from equity	22	228	566	-	-
Proceeds/Repayments from borrowings	(15)	(11)	66	-	(50)
Dividend payments	-	(56)	(63)	(105)	(168)
<b>Net cash flow from financing- C</b>	<b>7</b>	<b>160</b>	<b>568</b>	<b>(105)</b>	<b>(218)</b>
Net cash flow (A+B+C)	2	59	332	(164)	(127)
Opening Cash	6	8	67	398	234
Closing Cash	8	67	398	234	107

*Source: Company & Sunidhi Research*

## SUNIDHI SECURITIES & FINANCE LTD.

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