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**PERFORMANCE REVIEW FOR THE QUARTER ENDED 30<sup>th</sup> JUNE, 2017**
**Summary of financial performance is as under -**

(Rs. in Crores)

Sr	Particulars	Q1 FY 2018	Q1 FY 2017
a)	Income from Operations	65.35	138.52
b)	Other Income	14.28	1.81
c)	Total Income (a) + (b)	79.63	140.33
d)	Total Expenditure	38.55	50.74
e)	PBIDIT c) – d)	41.08	89.59
f)	% of PBIDT to Income e)-b) / a) x 100	<b>41.00%</b>	<b>63.36%</b>
g)	Interest	12.62	15.79
h)	Depreciation	33.95	35.78
i)	Profit Before Tax	(5.49)	38.02
j)	Tax expense (current tax + deferred tax)	(1.85)	12.78
k)	Profit After Tax	(3.64)	25.24
l)	% of PAT to Total Income k) / c x 10	<b>N.A.</b>	<b>17.98%</b>
m)	Total Cash Accruals	30.31	61.02
n)	Net Worth	860.15	781.43
o)	Total Loans (Secured + Unsecured)	509.29	587.66
p)	Debt : Equity Ratio	0.59	0.75
q)	Average Capacity Utilization for the period	41%	79%
r)	Average Gross Yield for the period	2.42%	2.80%

- OTHER INCOME –**

Other Income of Rs. 14.28 Crores includes a sum of Rs. 13.37 Crores towards Profit on Sale of 14 Nos. Cranes sold during the Quarter.

- **CAPEX DONE DURING THE QUARTER –**

There is no addition to the Fixed Assets (Cranes) during the Quarter ended 30<sup>th</sup> June, 2017. However, the company has opened an Irrevocable Letter of Credit for import of 6 Nos. Cranes in the 1<sup>st</sup> Quarter of FY 2017-18. The delivery of these cranes has been received during the month of July, 2017. These cranes will be capitalized in the books of account in the Q2FY18. The capitalized Cost of these cranes would be around Rs. 98.00 Crores.

- **DEBT : EQUITY RATIO –**

As on 30<sup>th</sup> June, 2017, Total Borrowings including Cash Credit, Buyers' Credit, & Unsecured Loans is Rs. 509.28 Crores. The Debt : Equity Ratio is 0.59 : 1.

- **SECTOR WISE REVENUE BREAK UP –**

The Sector Wise Revenue Break is as under –

Sr	Sector	Q1 FY 2018	Q1 FY 2017
1	Wind Mill Sector	59.00%	64.00%
2	Power Sector	13.00%	15.00%
3	Refinery & Gas	8.00%	11.00%
4	Steel & Metal	7.00%	2.00%
5	Cement	6.00%	1.00%
6	Other Industries	7.00%	7.00%
	<b>Total :-</b>	<b>100.00%</b>	<b>100.00%</b>

- **FLEET OF CRANES AS ON 30<sup>th</sup> June 2017 –**

SML has a fleet of 413 Cranes as on 30<sup>th</sup> June, 2017.

- **SUNDRY DEBTORS –**

Total Sundry Debtors as on 30<sup>th</sup> June 2017 is Rs. 129.18 Crores.

No. of Days Receivables excluding Service Tax Component - 156 Days

The Company has made a provision for doubtful debts of Rs. 2.80 Crores during the Quarter.

The accumulated amount of provision for doubtful debts as on 30<sup>th</sup> June, 2017 is Rs. 11.13 Crores.

- **DEBT REPAYMENT OBLIGATIONS IN FY 2017-18 –**

SML has total term loan obligations of Rs. 26.82 Crores in the current financial year, out of which it has already paid Term Loans Installments to the tune of Rs 24.21 Crores till 31<sup>st</sup> July, 2017. A meager sum of Rs. 2.61 Crores is payable over the period of next 8 months. In addition to the above, a sum of Rs. 5.81 Crores is due for repayment in respect of new Term Loans so far availed in the current financial year for purchase of new cranes. Hence the company is confident about its Debt Servicing for the financial year 2017-18.

- **BUSINESS OUTLOOK -**

Wind Mill Sector has played a dominant role in the revenue contribution of the company since last 7/8 years. Due to recent change in business conditions and more particularly Government of India's policies towards wind mill sector, we expect slow down in our business volume and therefore expect decrease in the Turnover and Profitability of our company during the current financial year. Wind mill sector has contributed more than 70% of our revenue during last financial year. It is pertinent note here that India has installed more 5400 MW Wind Mills during last fiscal year i.e. FY 2016-17. However, due to reduction in Accelerated Depreciation from 80% to 40% from the current financial year and withdrawal of Generation Based Incentive (GBI), there has been a huge reduction in wind mill installation in the current financial year. Furthermore, due to change in method of signing PPAs for Wind Mill Sector from feed-in-tariff based system to auction based system, this sector expects huge amount of drop in the business volume for the current financial year. As per the industry estimates, India as a whole may end up 1000 MW to 1500 MW wind mill installation in the current financial year as against 5400 MW in the previous financial year. This drop in the wind mill installation is beyond our expectation and would likely impact our business volume and profitability in the current financial year.

Considering above facts, the company is planning to substantially reduce its Capex Plan for FY 2017-18 by cancelling the order for balance cranes. Company has already initiated the discussions with its supplier for cancellation of balance 19 Nos. cranes. If this happens, the company may end up doing net Capex of roughly around Rs. 60 Crores (i.e. after adjusting the sale proceeds of existing cranes + sale of cranes through Trade-in-Agreements with its suppliers).

We are hopeful that business conditions may review in the next financial year.