
PERFORMANCE REVIEW FOR THE QUARTER & PERIOD ENDED 31st DECEMBER, 2017

Summary of financial performance is as under -

(Rs. in Crores)

Sr	Particulars	YTD Dec-17	Q3 FY18	Q2 FY18	Q1 FY18	YTD Dec-16	Q3 FY17
a)	Income from Operations	143.96	38.92	39.69	65.35	382.79	133.14
b)	Other Income	17.12	0.48	2.36	14.28	7.94	2.90
c)	Total Income (a) + (b)	161.08	39.40	42.05	79.63	390.73	136.08
d)	Total Expenditure	(#) 100.60	33.20	28.85	38.55	140.88	44.43
e)	PBIDIT c) – d)	60.48	6.20	13.20	41.08	249.85	91.65
f)	% of PBIDT to Total Income	*37.54%*	*15.73%*	*31.39%*	*51.59%*	*63.94%*	*67.35%*
g)	Interest	41.48	14.65	14.21	12.62	49.40	17.42
h)	Depreciation	100.48	33.28	33.25	33.95	108.63	39.41
i)	Profit Before Tax	(81.48)	(41.73)	(34.26)	(5.49)	91.82	35.22
j)	Tax expense (Current Tax + DTL)	(29.38)	(15.58)	(11.95)	(1.85)	30.60	11.77
k)	Profit After Tax	(52.10)	(26.15)	(22.31)	(3.64)	61.22	23.44
l)	% of PAT to Total Income	*N.A.*	*N.A.*	*N.A.*	*N.A.*	*15.66%*	*17.17%*
m)	Total Cash Accruals (PAT + Depre.)	48.38	7.13	11.95	30.31	169.02	62.85
n)	Net Worth	789.92	789.92	815.85	860.15	814.80	814.80
o)	Total Loans (Secured + Unsecured)	565.25	565.25	580.21	509.29	591.43	591.43
p)	Debt : Equity Ratio	0.71	0.71	0.71	0.59	0.72	0.72
q)	Average C. U. for the period	*32%*	*29%*	*27%*	*41%*	*75%*	*80%*
r)	Average Gross Yield for the period	*2.19%*	*2.00%*	*2.16%*	*2.42%*	*2.71%*	*2.58%*

(#) Includes provision for doubtful debts to the tune of Rs. 22.07 Crores.

- **OTHER INCOME – Rs. 18.14 Crs.**

Other Income for the nine months period ended 31st December, 2017 includes Profit of Rs. 14.29 Crores from sale of 18 Cranes sold during the period.

- **TERM LOAN OBLIGATION FOR FY 2017-18 -**

SML has total term loan obligations of Rs. 30.25 Crores lacs in the current financial year, out of which it has already paid Term Loans Installments to the tune of Rs 26.97 Crores till 31st December, 2017. A sum of Rs. 3.28 Crores is payable over the period of next 3 months. Hence the company is confident about its Debt Servicing for the financial year 2017-18. In addition to the above, company proposes to pre-pay additional sum of Rs. 25 Crores (out of internal accruals / collection from S. Debtors) till 31st March, 2018 towards the installments of Term Loans due in the next financial year i.e. 2018-19.

- ORDER BOOK POSITION -

During the 4th Quarter of current financial year, SML has bagged some orders from Wind Mill companies for the execution of their wind mill projects. SML is expected to generate additional amount of revenue in the fourth quarter because of these recent orders. Our expected C. U. for 4th Quarter would be in excess of 70%.

- **SECTOR WISE REVENUE BREAK UP –**

Sr	**Sector**	**9 months ended 31-12-2017**	**9 months ended 31-12-2016**
1	Wind Mill Sector	47.00%	66.00%
2	Power Sector	16.00%	14.00%
3	Refinery & Gas	7.00%	10.00%
4	Steel & Metal	5.00%	4.00%
5	Cement	8.00%	1.00%
6	Other Industries	17.00%	5.00%
	Total :-	**100.00%**	**100.00%**

- **FLEET OF CRANES AS ON 31st December 2017 -**

  SML has a fleet of 415 Cranes.

- **SUNDRY DEBTORS AS ON 31st December 2017 –**

Sr	Particulars	Amount Rs. lacs
A)	S. Debtors considered good	10100.43
B)	S. Debtors considered doubtful	3039.15
C)	Total Receivables as on 31-12-2017 before Provision for Doubtful Debts	13139.58
D)	Less : Provision for Doubtful Debts	3039.15
E)	Net S. Debtors C) – D)	10100.43
F)	No. of Days Receivables	159 Days

The Company has written off Bad Debts to the tune of Rs. 49.74 lacs during the nine months period ended 31st December, 2017 and have made Provision for Doubtful Debts to the tune of Rs. 2205.70 lacs for the same period. The accumulated provision for doubtful debts till 31st December, 2017 is Rs. 3039.15 lacs.

SML has already initiated necessary legal action against the defaulting customers including filing a petition before NCLT under IBC. The company is hopeful of recovery of certain amount of dues in near future.

- **BUSINESS OUTLOOK -**

Post March, 2017, the Company has witnessed huge turbulence in terms of its order book which is primarily dominated by Wind Mill Sector and Power Sector. Due to sudden and unexpected change in the business scenario and more particularly in the wind mill sector (which has contributed more than 70% of our revenue during last financial year), the company's financial performance is severely affected in the current financial year.

In FY 2016-17 nearly 82% of our business has come from Wind Mill & Power Sector. Presently, both these sectors are not doing well. 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 substantial slow down in our business volume and therefore expect decrease in the Turnover and Profitability of our Company during the current 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 substantial drop in the business volume for the current financial year. It is, thus, seems hard to imagine that India would see the record capacity addition like 2016–2017 any time soon.

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 Company's expectation and would likely impact our business volume and profitability in the current financial year.

Lack of business opportunities coupled with cut-throat competition is putting additional stress on the pricing power of the company. All these factors have taken a toll on the Company's financial performance and the Company has posted net loss of Rs. 52.10 Crores for the nine months period ended on 31st December 2017.

The financial performance of the company for the third quarter is in line with our expectation as mentioned in our Q2 FY 18 Results Update. However, we have bagged some additional orders from wind mill companies in the fourth quarter and expect that our capacity utilization may be in excess of 70 % in the fourth quarter.

Currently, we are working for Bombay Metro, Ahmadabad Project and Chennai Metro Project and expect few more orders from other Metro Projects like Jaipur, Noida and Nagpur. There are some signs of business improvement from other sectors like Refinery, Power, Steel, Cement etc., in next couple of quarters.

The Company is making every efforts to improve its financial performance have initiated various cost reduction and cost optimization efforts.

To achieve the target of having 60 gigawatt (GW) of installed wind energy capacity by 2022, Central Government is taking lot of initiative for revival of wind mill sector. Government all set to finish FY18 by conducting over 4000 MW of auctions in the Jan-March quarter via SECI-3 (2000MW), Maharashtra (500MW) and SECI-4. This is over and above the 3000 MW auctions already done so far in the current financial year (SECI-1, SECI-2, TN & GJ).

From other sectors such as Refinery, Thermal Power, Cement and Steel sector we see some amount of traction in terms of deployment of cranes as the enquiries for requirements of the cranes has started flowing and we expect to deploy some cranes in the first and second quarter of next financial year.

The Company expects the situation to start materially improving from 2019-20 onwards and reiterates its confidence that it would be able to meet all its obligations.