



## Autoline Industries

# Book Profits

Autoline Industries (AIL), is into auto component manufacturing based in Pune, had come out with an IPO which received a decent response on the bourses. On the first day of listing, there was subdued movement in price, with the shares getting listed at Rs 261.15, barely 16 per cent gain over the issue price of Rs 225. But the scrip of AIL got a real booster, after the announcement that it is planning an acquisition. The company has also recommended dividend of 25 per cent (Rs 2.50 per share). In our new issue analysis column ( Issue no 2, Dated Jan. 08- 21, 2007) we had recommended that, even though the company is coming out with an expansion plan we think the valuation are on the higher side and hence investors should apply caution. At current levels, we recommend the investors to book profits as the scrip has moved substantially and looks fully priced.

AIL will be expanding its facility at Chakan unit II for manufacturing of door assemblies and automobile bodies meant for heavy vehicles. But recently, the company has announced that it is planning one acquisition in the foreign market. The management has also stated that, it has three proposals up-front and will be zeroing on one of them. One company is almost three times its size (FY06). The amount of acquisition has not been announced, but for the funding, the company has already issued 40 lakh fully convertible warrants each at Rs 400 per share to its promoters. Also, many institutions have approached AIL. AIL is to acquire the remaining 49 per cent in Autoline Dimensions Software. ( 51 per cent subsidiary of AIL). The management has stated that the subsidiary is getting a lot of orders from abroad and hence it is planning to increase exposure. Regarding the financial performance, for FY08 the company is expected to post a topline of Rs 240 crore and bottomline of Rs 15.60 crore. The acquisition may change the figures but there is no clarity on the same till date. Hence we think, the company is fully priced and hence we advise the investors to book profits at current level.

### RECOMMENDATION - BOOK PROFIT

Offer Price Band	Rs 200-225
Issue Price	Rs 225
Shares offered	33.33 lakh Equity shares
Over Subscribed	17.36 times
Open Price	261.15 times
<b>CMP</b>	<b>Rs 363.2</b>
BSE Code	532797
Percentage Gain on Listing	16.07
Percentage Gain at CPM	61.42
Date Of Listing	31-Jan-07