Rough patch

Bharat Heavy Electricals Ltd (BHEL) is going through a rough patch after it has suffered a one off loss of ₹191 crore on account of the merger of Bharat Heavy Plate and Vessels Ltd (BHPV) with the parent company during the last quarter. The company has also been a victim of a slowdown in execution of power projects. However, according to a source, this could soon be a thing of the past, as BHEL has bagged orders worth around ₹4,500 crore in the first half of the current year. It has emerged as the lowest-1 (L1) bidder in some projects (of capacity 5,000 MW) like the NTPC-Unchaar project (1,050 MW), the NTPC-Daripalli project (1,600 MW), the Pranahita Chevella lift irrigation project (1,600 MW) and a few more projects of around 2,500 MW. There is some more opportunity to the tune of 10,000 MW which could go in favour of the company. On the positive side, it is believed that some of the slow-moving orders (from Bajaj Hindusthan and Monnet Ispat) have started gaining momentum while the rest (Abhijeet, Surana, Visa and India Bulls Phase-II expansion) are still moving slowly. Nevertheless, the steps taken by the government to boost investments in the power sector should help BHEL in the coming days.

BHEL: a victim of slowdown

Weeding out debt

Higher prices, aided by the sharp fall of the rupee *vis-a-vis* the dollar have helped rice exporters in the last two quarters. KRBL (total sales ₹2,080 crore, PAT ₹150 crore) is one of the beneficiaries. The company which has been paying interest of ₹75 crore annually, plans to utilise this super profit in redeeming all the outstanding debts. The plan, according to one investment banker, is to make the company debt free by FY14.

De facto control

Adani which has reportedly been short-listed as a buyer for Dhamra port, constructed by the Tata Steel and Larsen & Toubro JV, has come out with an innovative solution to bypass the problems faced in getting environment clearances. According to insiders it has come on board of the JV as a consultant. Further to this appointment, Adani has moved his team and virtually all the major operations are being done by the team. In effect, it has taken de facto control of the port operations till such time as all clearances are received and the acquisition is formalised.

Expansion drive

Denis Chem Lab is in the process of expanding its manufacturing facility. The ₹60 crore company, based in Kalol near Ahmedabad, is primarily into the manufacturing of sterile injectables, including antibiotic injections, diuretic injections, anti-anaerobic injects and plasma volume expanders, for almost three decades now. The company, promoted by the family of plastics and textiles major Sintex Industries, is doubling its capacity at a project cost of ₹34 crore. It currently has an installed capacity to make 24 million plastic bottles and 25 million glass bottles. For the new manufacturing project, the company will use injection stretch blow moulding technology, instead of its existing blow fill seal technology. At present, about 20 per cent of the company's production capacity is also utilised for manufacturing products of other reputed pharmaceutical players including Novartis, Alembic, Pfizer and Indian Immunologicals. The promoters are also planning to get the company listed on BSE in the near future. It is already listed in the Ahmedabad Stock Exchange.

Growth strategy

Noida-based NTL Electronics, manufacturer of electronic ballasts, CFLs, luminaires, LEDs and lamps, is increasing its focus on LED lighting solutions in a major way. The company, which has been working primarily as vendor for players like Crompton Greaves, Philips, Havells, GE Lighting, Wipro, and Samsung, has decided to increase its portfolio of LED lighting solutions to almost 50 per cent of the total turnover in the next four-five years from the current below 10 per cent level. Towards this end, the ₹700 crore company has formed a 50:50 JV with the Netherlands-based Lemnis Lighting, a leading player in the LED technology. Besides, the company has started selling these products directly in the market under its partner's global brand Pharox. And it is also working on the designing and reliability aspects of these products in the Indian condition. NTL, which has grown at a CAGR of about 50 per cent in the last five years, has been on the radars of PE players, even as CX Partners picked up a 20 per cent stake in the company for some ₹95 crore in 2010. The company is also planning to go public in the coming years. ◆