

What Corporate Leaders Say



Harsh Goenka

KEC International

Strong order book foretells future

KEC INTERNATIONAL, part of the US\$ 2.75 billion RPG group and a leader in domestic and global power transmission and distribution (T&D) business is looking forward to a bright future. Strong economic growth with a thrust on infrastructure development, as well as emerging opportunities in Africa, Central Asia, Middle East and North America present a rosy picture for the Company going forward, according to Mr Harsh Goenka, chairman.

The company is suitably placed to benefit from this rollout of new infrastructure, given its significant experience of more than five decades. Huge investment is planned by the Government of India to support the development of national power grid project. The company completed nine projects last year and continues to bag projects from the Power Grid Corporation of India and state utilities. With power infrastructure development gaining importance in the country and several projects likely to commence in the medium term, the company is well placed to consolidate and strengthen its leadership position further.

Reflecting the opportunities ahead, the current order book of the company stands at about Rs. 3000 crore, comprising orders worth Rs. 2300 crore from international market and about Rs 700 crore from the domestic market. It is noteworthy that the company has

From the horse's mouth! What does the top brass of various companies think about the performance and outlook of their companies? In order to give the investors an authentic picture about the current working of KEC International, Kirloskar Pneumatic, Colgate Palmolive and Alstom Projects here we are giving what their chairmen / managing directors say at analysts' meets / conference calls / shareholders' meets, etc.

been able to maintain a healthy order book position even after the record execution of recent projects during the year.

International business contributes about two thirds of its revenue. The Company has won projects in Afghanistan, Algeria, Ethiopia, Ghana, Kazakhstan, Kenya, UAE, Nigeria and Oman. It has strengthened its presence in the Middle East and Africa. It has re-entered Sri Lanka and is currently implementing a project there.

However rising competition, increase in raw material cost and the rupee appreciation are matter of concern going forward. The company is taking appropriate steps to hedge against these risks.

The company has planned a capital expenditure of Rs 50 crore for the fiscal 2007-08 and hopes to achieve a growth of 20 per cent in income during the year.

The company achieved several milestones during the year 2006-07. It entered into a 50:50 Joint Venture (JV) with an American company M/s. Power Engineers Inc., USA, to make inroads into the North American market. Its North American JV has managed to clinch an order worth Rs 170 crore from USA and Canada. The company also ventured into new geographies like Kazakhstan and Ghana and received orders worth Rs 319 crore from these countries.

Colgate Palmolive

Smile returns

COLGATE PALMOLIVE (INDIA) has begun the financial year 2007-08 on an optimistic note with positive business momentum. The market shares of toothpaste, toothpowder and toothbrush of the company are steadily improving, according to Mr Fabian T Garcia, Chairman. The launch of innovative products such as Colgate Active Salt, Colgate Maxfresh and Colgate 360° toothbrush has contributed to the growth of the company's market share, he said.

According to a recent survey, Colgate toothpaste and toothbrush are the most recommended brand by dentists in India. In a survey conducted by AC Nielsen, "Colgate" has been recognised as India's most trusted brand in 2007 for the fourth year in succession.

In India about 40% of the population still does not have access to modern dental care products. This provides a significant opportunity for the company to grow in this market.

In the quarter ended June 2007, the company's sales increased by 13% to Rs 350.67 crore compared to the corresponding quarter of the last year. During the quarter, the company achieved a strong 9% volume growth with 10% growth

Kirloskar Pneumatic Rs 1000 crore turnover by 2010

KIRLOSKAR PNEUMATIC came out from the BIFR strongly with a lot of internal restructuring activities like VRS, Asset reallocation, focused business etc, right from 2001 and now by 2007, is ready to grow at par with the industry growth or even better. The company has wiped out all its accumulated losses and is under normal income tax rate. However for FY'08, it will get some MAT credit of around Rs 7 crore, according to Mr Mustikar, managing director.

At present, the company has two major business segments viz. compression systems and transmission products. The compression systems plant is located at Hadapsar and Saswad in Pune. The plant at

Saswad also packages gas compression systems for CNG stations, refineries and petrochemical industries. The transmission products are manufactured at Hadapsar, Pune for rail traction gears, wind turbine gear boxes, marine gearboxes for naval and commercial ships and gearboxes for industrial applications.

The management has now identified a few new product lines such as process gas business including CNG compression, marine refrigeration and industrial electrical screw and transmission business, 250 KW wind mill gear boxes etc, as new growth



opportunities. This business will help the company to achieve the desired target of Rs. 1000 crore for turnover in 2009-10.

The existing business will grow at CAGR of 15%.

The new business lines have a tremendous growth potential, although it is not possible to quantify it right now. The picture is expected to become clear in the next financial year.

For the current financial year, the company has planned a capital expenditure of Rs 20 crore for its process gas market and Rs 20 crore for its marine gearboxes market. The capex will be met through mix of debt and internal

accruals, equally. There are no plans now for any other major capex. However, the routine capex of Rs 20-25 crore per annum will continue.

The margins will keep improving as the company can now debottleneck the existing capacities, run the plant more efficiently and get the advantage of economies of scale.

The company is already present in the CNG compressors market and is looking out for strong growth in this business line considering the investments made in oil and gas sector. The company already has 13 orders for CNG compressors in Pune and more are expected.

The company has hired a team of technicians for its marine transmission business instead of buying the technology and is paying them the professional fees as per the contract.