Total 92 pages

2000 Companies
CORPORATE SCOREBOARD

Updates on Supreme Industries, Huhtamaki PPL, HSIL, Hikal, State Bank of India, SKF India, Karnataka Bank, Petronet LNG, Hindalco, Hind Rectifiers, Praj Industries, and HPL Electric & Power

The market's record-breaking streak

Tracking pledged shares

CAPITAL MARKET

Jun 03 – 16, 2019 www.capitalmarket.com Rs 100

Capita Telefolio
Ideas up 44%, when S&P BSE Sensex is up 16%
See page 85

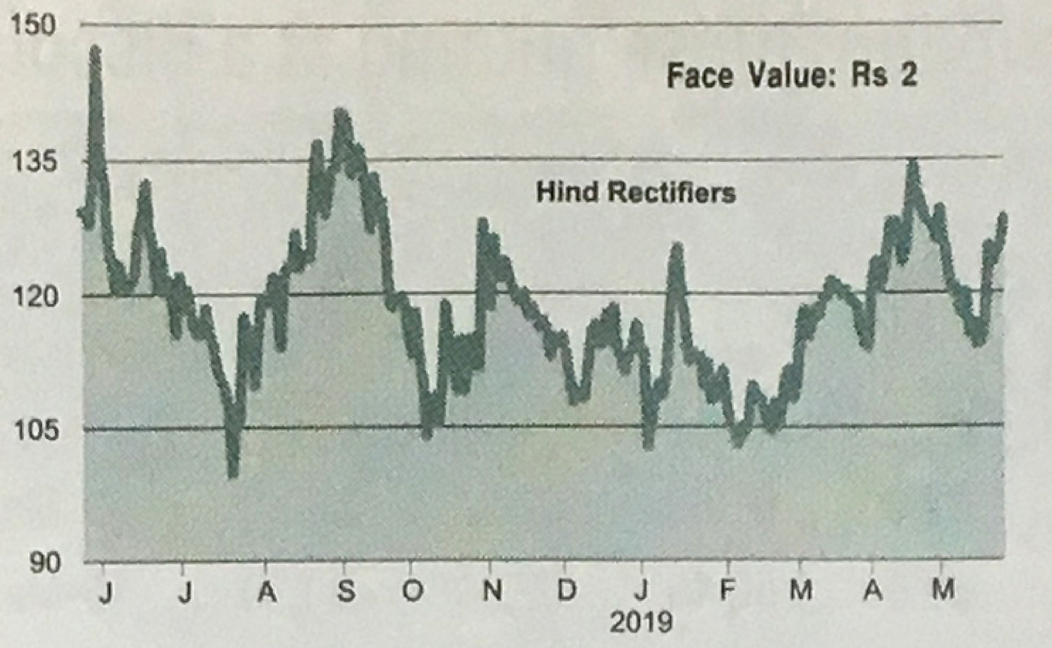
TOP OF THE CLASS

Companies consistently outperforming the market in each of the last five years

Of the Rs 350-crore order book end April 2019, 90% of the orders were from Indian Railways, 2% were exports and rest from other industries. The margins are expected to improve 150 bps in FY 2020 due to better execution, improved product-mix and higher exports. Exports have superior margins compared with domestic orders.

Better days ahead

The margins of Hind Rectifiers are expected to improve 150 bps in FY 2020 due to better execution, improved product-mix and higher exports



CMP Rs 128 as on 24 May 2019. One-year return: -0.77%
S&P BSE Small-cap index one-year return: 28.7%

Praj Industries

Order intake up 34%

More than 70% of the Rs 928-crore backlog comprises domestic orders

Praj Industries conducted a conference call on 17 May 2019 to discuss the March 2019 quarter results. It was represented by Managing Director and CEO Shishir Joshipura and Director-Finance and Commercial and CFO Sachin Raole. Key takeaways:

Order intake of Praj Industries was down to Rs 306 crore in the March 2019 quarter from Rs 375 crore in the March 2018 quarter but was up to Rs 1394 crore in the fiscal year ended March 2019 from Rs 1040 crore in FY 2018. The order backlog was up Rs 928 crore end March 2019 quarter from Rs 675 crore end March 2018 quarter. Nearly 71% of the backlog comprised domestic orders and the balance 29% exports. Bio-energy orders accounted for 77%, engineering 18% and Hipurity division 5% of the backlog.

Policy interventions by the Central government are boosting demand for bio-energy. Select international markets are also witnessing focused policy interventions. India is on course to record its highest-ever ethanol blending rate of 7.2% in the current ethanol year 2108-19 (October-September) as against 4.22% a year ago.

The Pradhan Mantri Ji-Van Yojana has allocated Rs1800 crore for supporting twelve 2G commercial projects. Additionally, Rs 150 crore has been earmarked to support 10 advanced bio-fuel demonstration projects. Four of the six 2G commercial projects awarded in the first phase have been bagged. These are for oil marketing companies (OMCs) IOCL, BPCL, HPCL and Mangalore Refinery. Work on licensing and detailed engineering is on. Ordering of physical equipment is over for the IOCL project and is at an advanced stage for the other three.

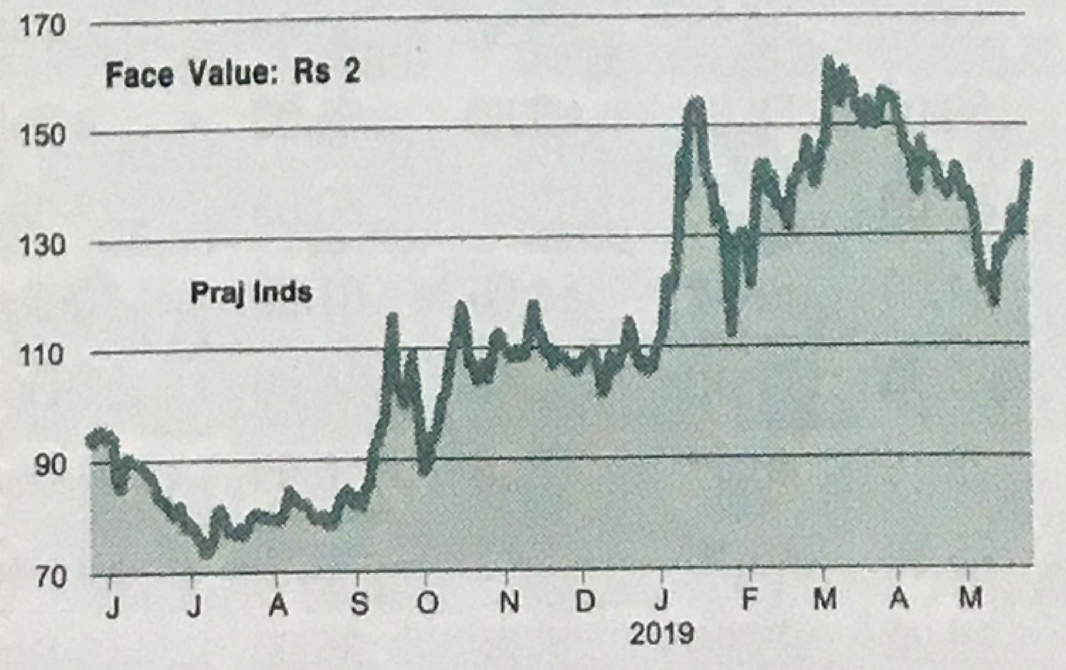
There was a large order for critical equipment for the 2G project from IOCL in the March 2019 quarter. Orders for critical equipment are yet to be issued by the three other OMCs. The fair potential in each of the 2G projects for the four OMCs is about Rs 150 crore.

The engineering business has chalked out strategies for a healthy growth. There is two-third share in the ethanol market. Ethanol orders totaled Rs 940 crore in FY 2019. About 268 applications for first-general bio-fuel projects are pending government approval.

A construction license agreement has been signed with Gevo, US, to commercialize technology to produce isobutanol, a high-energy feedstock for jet bio-fuels. Advanced technology was commissioned to reduce water consumption in ethanol plants by almost 75%. Customer inquiries are increasing across all verticals and geographies.

In the kitty

Four of the six 2G commercial projects awarded by OMCs IOCL, BPCL, HPCL and Mangalore Refinery of the first phase have been bagged by Praj Industries



CMP Rs 142 as on 24 May 2019. One-year return: 50.95%
S&P BSE Mid-cap index one-year return: 4.35%

HPL Electric & Power

Net sales to grow 15%

Order book up to Rs 575 crore end May 2019 from Rs 450 crore a year ago

HPL Electric & Power held a conference call on 21 May 2019 to discuss results for the period ended March 2019. It was addressed by Managing Director Gautam Seth. Highlights:

Around 52.6% of the total revenues of HPL Electric & Power came from metering, 20% from switchgears and 18% from lighting and 10% from wires and cables in the fiscal year ended March 2019 (FY 2019). Sales of meters were up 16%, switchgears 17% and lighting 15% but those of wires and cables segment declined 17% on higher base due to specialty cable projects in FY 2018.

Orders from Central and state governments for 20 million electric meters, worth around Rs 2000 crore, are in the pipeline. The government sector will need 25 crore of smart meters in the next four to five years.

Around 52% of the total sales came from the B2B segment and included metering revenues from utilities and energy efficient service systems in FY 2019. The remaining was from the B2C segment for non-utility metering, switchgears, lighting and wires and cables.

The order book stood at Rs 575 crore end May 2019 compared with Rs 450 crore end May 2018. The metering order book was at Rs 554 crore. The enquiry base for metering tenders provides good revenue visibility for the coming quarters.

The operating profit margins were higher at 11.5% in FY 2019 as against 10.6% in FY 2018 due to lower plastic costs in H2 of FY 2019. The margins will be driven by volumes and centralized purchases going ahead and are expected to remain at the same level. Savings will be used on brand-building exercise. Advertising and promotion expense increased to 5.1% of the total B2C expenses in FY 2019 compared with 2.7% in the previous year. About Rs 30 crore was spend on IPL promotion compared with Rs 15 crore in FY 2018.

Receivable days stood at 148 days for FY 2019 as against 165 days in FY 2018. Inventory days stood at 130 days compared with 149 days. The debt-equity ratio was at 0.69:1, with net debt Rs 444 crore end March 2019. Around Rs 26 crore of capex is planned for the current fiscal year and Rs 30 crore in the next fiscal year. Net sales are expected to grow 15% by FY2020. ■