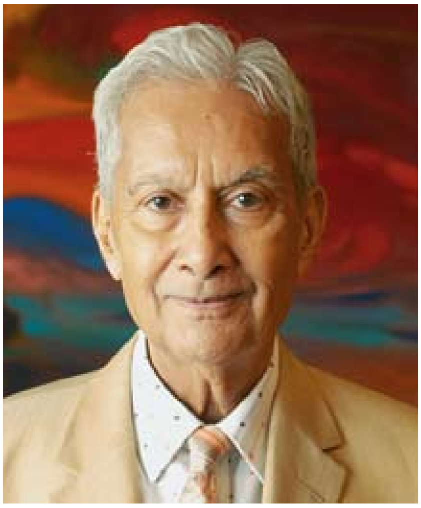
## Well spun

There are strong rumours that B.K. Birla's company Kesoram Industries (market cap ₹1,300 crore) is close to divesting its tyre manufacturing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*Birla: racing ahead*

division. The diversified conglomerate, which has a large exposure to cement, is being wooed by tyre manufacturers MRF and JK Tyres. Kesoram, which produces tyres for two-wheelers and large tyres, is likely to seal the deal, if the valuations are right, before the end of the financial year. The likelihood of MRF clinching the deal seems bright, according to corporate watchers tracking the development of the company.

## Commodity play

Backed by its new ownership, i.e. India Value Fund, National Bulk Handling Corporation appears to be all geared up to explore the market in a big way. The corporation, a leading integrated service provider in the private sector offering a range of services from warehousing, collateral management to procurement and supply chain management as also quality assaying & certification, and pest management, has formulated a comprehensive growth strategy for the future. Under this, the company, which has handled ₹65,000 crore worth of assets in the last 10 years of its existence, is planning to grow its annual handling capability manifold to around 8-10 million tonnes in the next five years from the present 2.5 million tonnes. The company, which has recently refurbished its board with the inclusion of names like Vijay Kelkar, former chairman Finance Commission as also Ajay Shah, professor, National Institute of Public Finance and Policy, is also expanding its commodity portfolio to include perishable fruits and vegetables. Having got accreditation from NCDEX recently, it is also enhancing its geographical reach in Eastern India. All this is expected to provide the desired momentum for the company which aims to grow at a CAGR of around 25 per cent in the next five years.

## Signs of revival

Slowly but steadily, the Mumbai residential real estate market is on its way to recovery. The testimony to this fact is that developers have started launching new projects. However, learning from the past, most developers are trying to create well balanced portfolios of properties, selecting right locations. Mumbai-based realtor Ahuja Constructions has launched an integrated township sprawled over 40 acres at Ambernath near Mumbai, while another developer, Sheth Creators, is building up an ultra-luxury residential project (19 towers of 22 storeys each) in Mumbai's western suburb of Andheri which has shown tremendous traction in the last few years following the development of multiple trigger points. Named Vasant Oasis, this 18-acre high-end residential project by the Sheths has generated a phenomenal response due to its location. Experts are of the view that things in the market will further improve in the future with buyers showing positive intents in the aftermath of improving economic indicators.

## Changing strategy

Mumbai-based AMW Motors Ltd, manufacturer of off-highway trucks (tippers) as also haulage (regular) trucks, is all set to revisit its business strategy following the recent slowdown in the mining and construction sector. The nine-year-old company promoted by Anirudh Bhuwalka from Kolkata's business family, with interests in tea cultivation and trade, has decided to realign the company's portfolio by reducing its exposure to the mining and construction space from the existing 80 per cent of its production (25 and 31 tonnage). Though the company, which started a greenfield facility in Bhuj in Gujarat around five years ago (it was inaugurated by the then chief minister of Gujarat Narendra Modi), will continue to focus on the tipper production, it will increase the share of haulage truck production to around 40 per cent in order to possess a more balanced offering. Moreover, the company is also foraying into the export market where it will supply at least 10 per cent of its production. The company has already started exporting to countries like Bangladesh, Nepal, Bhutan, as well as to the Middle East and Africa. For the last three years, the company has been producing on an average only around 9,000 units per annum out of its total capacity of around 40,000 units due to weak demand. In the domestic market, almost all the major construction companies such as L&T, Patel Engineering and Jaypee are its customers.

## Expansion plans

The Ashok Kajaria-run Kajaria Ceramics Ltd (KCL) has recently commissioned a 7.5 million square metres (msm) capacity plant. According to a source, going ahead, with lower LNG prices, the company is looking at further expansion. KCL is looking at capacity expansion from 54.1 msm to 70 msm by 16 March. It is already on track to commission 8 msm of additional capacity by March 2015, taking its total capacity to 62.1 msm. Meanwhile, during the last quarter, KCL has allotted 3.9 million equity shares at the rate of ₹257.37/share on preferential basis to Westbridge Crossover Fund LLC. This resulted in equity inflow of ₹1 billion. These funds were partly used to reduce debt by ₹550 million in Q3 to ₹1.52 billion. ◆